# Economy Adv

## US Economy

### Hurts Jobs

#### Turn - trade with Mexico hurts US jobs – on balance, job gains from exports are outweighed by lost manufacturing jobs

Scott 11  
Robert E. Scott, Director of Trade and Manufacturing Policy Research at the Economic Policy Institute, “Heading South: U.S.-Mexico trade and job displacement after NAFTA, “ May 3, 2011, <http://www.epi.org/publication/heading_south_u-s-mexico_trade_and_job_displacement_after_nafta1/>

The United States had a small $1.6 billion trade surplus with Mexico in 1993, the year before NAFTA took effect. By 1997, the United States had developed a $16.6 billion trade deficit with Mexico, which increased to $97.2 billion in ¶ 2010, as shown in Table 1. Between 1997 and 2010, the U.S. trade deficit with Mexico increased $6.2 billion per year, ¶ or 14.6% per year. ¶ This paper estimates the impact of that change in trade on employment by calculating the labor content of changes ¶ in the trade balance—the difference between exports and imports. For example, each $1 billion in U.S. auto parts ¶ exported to Mexico supports U.S. jobs, but each $1 billion in autos and trucks imported from Mexico displaces the ¶ workers who would have been making them in the United States. On balance, the net employment effect of trade flows ¶ is determined by changes in the trade balance. Growing trade deficits usually result in job displacement. The employment impacts of trade deficits are assessed using an input-output model that estimates the direct and ¶ indirect labor requirements of producing output in a given domestic industry. The model includes 202 U.S. industries, ¶ 84 of which are in the manufacturing sector.9¶ The model estimates the amount of labor (number of jobs) required to ¶ produce a given volume of exports and the labor displaced when a given volume of imports is substituted for domestic ¶ output. The net of these two numbers is the estimated number of jobs displaced by changes in the trade balance, holding ¶ all else equal. U.S. exports to Mexico in 2010 supported 791,900 jobs, but U.S. imports displaced production that would have ¶ supported 1,474,800 jobs, as shown in the bottom half of Table 1. Therefore, the $97.2 billion U.S. trade deficit with ¶ Mexico in 2010 displaced 682,900 jobs.10 Since the United States had a small trade surplus in 1993 (not shown), all of ¶ those jobs were displaced between 1993 and 2010.11 On average, 40,200 jobs have been lost or displaced per year since ¶ NAFTA took effect.12 U.S. jobs displaced by the trade deficit with Mexico are a net drain on employment in trade-related industries, ¶ especially those in the manufacturing sector. Even if increased demand in other sectors absorbs all the workers displaced ¶ by trade (an unlikely event), job quality is likely to suffer, as many non-trade-related industries, such as retail and home ¶ health care, pay lower wages and have less comprehensive benefits than trade-related industries.

#### Accelerating US-Mexico trade empirically causes American job losses, not gains.

Strachan 2011   
Maxwell Strachan Business Editor, The Huffington Post “U.S. Economy Lost Nearly 700,000 Jobs Because Of NAFTA, EPI Says” http://www.huffingtonpost.com/2011/05/12/nafta-job-loss-trade-deficit-epi\_n\_859983.html

The historic agreement, signed just three years after the collapse of the Soviet Union, tore down trade barriers between the U.S., Canada and Mexico, making trade and investment easier for businesses without allowing for the cross-border movement of labor. Despite the agreement being considered a boon for Mexico, the country's economy grew only 1.6 percent per capita on average between 1992 and 2007, The New York Times reported in 2009. The EPI's calculation of 682,900 jobs lost to NAFTA takes into account jobs created as a result, too. Last year, for example, U.S. exports to Mexico supported 791,900 jobs. It's just that those jobs created pale in comparison to the 1.47 million U.S. jobs that would be necessary without the imports resulting from NAFTA, the report found.

#### Cross-border trade causes job losses across the US – particularly in manufacturing.

Strachan 2011   
Maxwell Strachan Business Editor, The Huffington Post “U.S. Economy Lost Nearly 700,000 Jobs Because Of NAFTA, EPI Says” http://www.huffingtonpost.com/2011/05/12/nafta-job-loss-trade-deficit-epi\_n\_859983.html

Perhaps the most drastic switch post-NAFTA has been in the two country's trade deficit. In 1993, before the signing of NAFTA, the U.S. held a $1.6 billion trade surplus over their neighbor to the south, which supported 29,400 jobs. By 1997, the tides had turned, and Mexico laid claim to a much larger surplus of $16.6 billion. As of 2010, it's not even close. Mexico's trade surplus now hovers around $97.2 billion. Jobs continue to be lost to NAFTA today. In the years 2007-2010, the U.S. economy has lost 116,400 as a result of the trade deficit created by NAFTA. And last year, the growth of Mexican auto exports to the United States alone created more Mexican jobs -- 30,400 -- than the entire U.S. auto industry. It's the U.S. manufacturing sector that has suffered most mightily from NAFTA, alone accounting for 60.8 percent -- 415,000 total -- of the jobs lost to the agreement. Specifically, those making computer of electronic parts have accounted for 22 percent of all job losses, and motor vehicle and parts workers accounted for 15 percent of job losses. Job losses haven't been limited to certain geographic regions, either, as all fifty states have lost jobs as a result. And while the states with the largest total number of job losses, California and Texas, do hug the southern border, it's actually manufacturing-heavy states to the north, such as Michigan, Indiana and Kentucky, that have lost the largest share of jobs to Mexico.

#### Trade with Mexico is devastating to domestic job growth. The historical data of NAFTA proves this – more than a million jobs have been lost since the treaty’s implementation.

Public Citizen 2011   
Public Citizen is a nonprofit organization that does not participate in partisan political activities or endorse any candidates for elected office Public Citizen serves as the people’s voice in the nation’s capital. Since our founding in 1971, we have delved into an array of areas, but our work on each issue shares an overarching goal: To ensure that all citizens are represented in the halls of power. NAFTA’s Broken Promises 1994-2013: Outcomes of the North American Free Trade Agreement <http://www.citizen.org/documents/NAFTAs-Broken-Promises-2011.pdf>

13 Services and manufacturing export growth slows under NAFTA. A key claim of supporters of NAFTA-style trade pacts is that they create jobs by promoting faster U.S. export growth. By contrast, growth of U.S. exports to countries that are not Free Trade Agreement (FTA) partners has exceeded U.S. export growth to countries that are FTA partners by 38 percent over the last decade.14 Manufacturing and services exports in particular grew slower after NAFTA took effect. Since NAFTA’s enactment, U.S. manufacturing exports to Canada and Mexico have grown at less than half the rate seen in the years before NAFTA.15 Even growth in services exports, which were supposed to do especially well under the trade pact given a presumed U.S. comparative advantage in services, dropped precipitously after NAFTA’s implementation. During NAFTA’s first decade, the average growth rate in U.S. services exports fell by 58 percent compared to the decade before NAFTA, and has remained well below the preNAFTA rate through the present. 16 One million American jobs lost to NAFTA. The Economic Policy Institute estimates that the rising trade deficit with Mexico and Canada since NAFTA went into effect eliminated about one million net jobs in the United States by 2004.17 EPI further calculates that the ballooning trade deficit with Mexico alone destroyed about seven hundred thousand net U.S. jobs between NAFTA’s implementation and 2010.18 Moreover, official government data reveals that nearly five million U.S. manufacturing jobs have been lost overall since NAFTA took effect. 19 Obviously, not all of these lost U.S. manufacturing jobs – one out of every four of our manufacturing jobs – is due to NAFTA. The United States entered the World Trade Organization (WTO) in 1995, China joined WTO in 2000 and the U.S. trade deficit with China soared thereafter. However, at the same time, given the methodology employed, it is also likely that the EPI estimates do not capture the full U.S. job loss associated with NAFTA. Service sector jobs have also been negatively impacted by NAFTA, as closed factories no longer demand services. EPI estimates that one third of the jobs lost due to the rising trade deficit under NAFTA were in non-manufacturing sectors of the economy.

### No Room for Growth

#### No Solvency - there’s no room for major growth in exports to Mexico – they’re already maxed out and competition from Europe and China

Piccone 2012   
Ted Piccone, senior fellow and deputy director for foreign policy at the Brookings Institution “What Would a Romney Victory Mean for Trade With the Region?”

By Roger Noriega, Ted Piccone, Andrés Rozental, Stephen Johnson, Michael Allion

October 25, 2012 Inter-American Dialogue's Latin America Advisor. http://www.thedialogue.org/page.cfm?pageID=32&pubID=3117

A: Ted Piccone, senior fellow and deputy director for foreign policy at the Brookings Institution: "Mitt Romney's claim that Latin America is 'a huge opportunity' for the United States in terms of trade and investment sounds good but is exaggerated. In general, the 32 countries of the hemisphere are growing at an above average rate, due largely to Asia's growing demand for its natural resources. The United States generally has fared well in trade and investment terms, with exports doubling since 2000 under a web of free-trade agreements promoted by both parties. Getting Congress to approve trade pacts with Colombia and Panama in 2011 was a major breakthrough. But it's hard to imagine that Latin America will suddenly become the engine for U.S. exports. We already export more to the region than to Europe; and twice as much to Mexico as to China. On the downside, our share of the region's market has declined significantly in the last decade, with China and Europe stepping in with cheap goods and favorable terms. So while both candidates, not surprisingly, call for expanded trade with the region, neither has a clear diplomatic or political roadmap for achieving it. Ever since Brazil torpedoed Bill Clinton's vision of a Free Trade Area of the Americas, the United States has pursued a series of smaller agreements that, while helpful, leave wide swaths of the region's growing markets (mainly Brazil) up for grabs. So the trade agenda with Latin America, because it plays to both candidates' arguments about reviving the economy, does at least get a nod. Otherwise, except for the obligatory teeth-baring toward Hugo Chávez and the Castro brothers, the region is simply ignored. That's because the big issues on the agenda between the United States and the region-drugs, guns and crime; migration; and Cuba-all touch on hotwired domestic political issues that leave little room for winning votes."

### Cross Border Trade Not Key to US

#### **The value of trade between the US and Mexico is small, the aff’s stats are inflated, maquiladora border transactions are not vital to the economy.**

Baker 2013   
George Baker is Managing Principal of Baker & Associates, Energy Consultants (BAEC), founded in 1990 and now based in Houston. He is publisher of Mexico Energy Intelligence® (MEI) Letter to the Editor, NYT 2/14/13 http://www.energia.com/letter-to-the-editor-nyt-thomas-friedmanhow-mexico-got-back-in-the-game/

The “game” to which Mr. Friedman refers is statistical legerdemain. This is a game that Mexico plays adroitly, especially since 1991 when the government added “border transactions,” which referred to maquiladora assembly operations, to the national accounts. The move was to inflate Mexico’s status as a trading partner with the U.S. in order to promote NAFTA. Take out intra-firm transactions in which Chrysler-Mexico sells to Chrysler-China, and daily trade will shrink to the value of commerce in oil and food products, services (including oilfield services), plus the remnants of a tourism industry battered by violence. Meanwhile, Carlos Slim skims off the top of the Mexican economy monopolistic rent whose value has been estimated by Mexican economists at 3 percent of Mexico’s GDP. As for the “massive cheap natural gas finds,” the reference is to the 400+ TCF of shale gas, which will doubtless still be there a generation from now, as Pemex has no plans to develop shale fields. The new government, meanwhile, is almost certain to limit its reforms to making Pemex more efficient by any means except that of market competition. Celebrations about Mexico’s advances in its economy and governance are premature.

### A2 Economy – Plan no Solve

#### Cross-border trade is bad for the Mexican economy because it destroys industrial diversification, keeps wages low and hollows out the middle class.

Diederich 2013  
Phillippe Diederich is a freelance writer, photographer & educator. His work has appeared in the NYT, Time magazine, US News, and he has won numerous awards for his photography & writing. Born in the Dominican Republic & raised in Mexico City and Miami. “Is Mexico’s economic boom trickling down to all Mexicans?” 3/25/13 <http://www.voxxi.com/mexico-economic-boom-all-mexicans/>

Mexico’s economic boom not felt by all Recently, Thomas Friedman of the New York Times focused one of his editorials on the economy in Monterrey. He glossed over the facts and told us Mexico will be the dominant economic power of the 21st century, and quotes the Financial Times as saying Mexico has signed more free trade agreements than China or Brazil. The problem is that NAFTA, or the North American Free Trade Agreement, (and probably all free trade agreements) has hurt more than helped the average Mexican. These agreements are a treasure for multinational corporations who reap enormous profits. And while they do create low paying jobs, they also destroy small business, the backbone and muscle of the economy that directly affects the average Mexican . Manufacturing jobs create a new poor class in Mexico - Manufacturing along the border in what are nicknamed maquiladoras , was supposed to be the saving grace of Mexico in the 1980′s but none of it trickled down or even sideways for most Mexicans except for the few who secured jobs in these manufacturing plants. But decades later, many of these manufacturing workers remain in the same place, with the same or similar jobs and with little possibility of change. Never mind that wages in these factories have not kept up with inflation. What manufacturing does is it turn places into mini-boom towns with people flocking to those areas searching for jobs that are already taken. While a class of workers moves up just slightly, another poor class is created, as it happened in towns like Juarez and Nuevo Laredo back in the 80′s and 90′s. And yet in Toluca and Puebla, where automobile and automobile parts manufacturing has been on the rise since the 1990′s, the changes have been more positive. The automobile industry offers some possibility of upward mobility because of the more complex nature of building a car compared to say, clothing or electronic manufacturing.As the Mexican government moves to take advantage of the good economic times, it is imperative that it diversify and honestly spread the wealth among the people of the country, (not ignoring poor southern states like Guerrero, Oaxaca and Chiapas). Tourism and manufacturing have always been a boon for the economy of the country, but it is through industrial diversity and infrastructure that the government can help bring jobs and growth to the far corners of the country so all Mexicans can participate and enjoy the rewards of a strong economy.

#### Increased trade with the US does not help Mexico because it only benefits multinational corporations. This disadvantages small and medium businesses which locks in structural economic failures.

Johnson 2012   
Tim Johnson | McClatchy Newspapers “As China’s wages climb, Mexico stands to win new manufacturing business” 9/10/2012

<http://www.mcclatchydc.com/2012/09/10/167930/as-chinas-wages-climb-mexico-stands.html#storylink=cpy>

Yet to be seen, though, is whether Mexico can follow China’s path and leverage its low-wage status into sustainable fast growth. To do so, it needs policies to foster small and medium businesses and move them into higher-end production, and to draw workers into the formal economy and push them up the economic ladder. Some analysts have doubts. “I would be quite cautious about talking of any Mexican euphoria over the return of these industries,” said Enrique Dussel Peters, coordinator of the China-Mexico Study Center at the National Autonomous University of Mexico. Unlike in China, where the Communist Party identifies “pillar industries” and orders banks to shovel loans their way, Dussel Peters said, Mexicans who are eager to start or grow businesses even in strategic sectors can’t get cash easily. “Smaller businesses in Mexico don’t have access to financing, and those that have it get it at a very high cost,” Dussel Peters said. Even with the North American Free Trade Agreement, the sweeping 1994 accord that ties Canada, the United States and Mexico together in the world’s biggest trade bloc, Mexico suffers from an “enclave economy,” of which the vast gated industrial parks along the U.S.-Mexico border are the most visible sign. Goods are assembled there for export, but rarely from parts manufactured in Mexico. That means the country’s economy doesn’t benefit as deeply as it might from its low-wage status. “It doesn’t make sense for Mexico in the long run to just sort of give up the production capacity by fiat to foreign suppliers,” said Frank Lange, the vice president of global development at Menlo Worldwide Logistics, a San Mateo, Calif., company that helps clients tighten controls of supply chains. That, however, is an issue for Mexican politicians and businesses debating how best to develop their country’s economy. For multinational companies that are looking to keep a lid on costs, it’s of little concern.

## Mexican Economy

### Maquiladoras Turn

#### Turn – Maquiladoras:

#### A. Expanded border crossings cause Maquiladora revival

Paley 2013   
Dawn Paley is a journalist from Vancouver, BC (Coast Salish territories). She’s written for magazines and newspapers including the The Guardian, Vancouver Sun, The Globe and Mail, BC Business Magazine, and The Nation. In 2010, Dawn completed her Masters in Journalism at the University of British Columbia. “A Rough Guide to Obama’s Mexico Visit” Americas Program of the Center for International Policy 5/2/13 <http://www.cipamericas.org/archives/9449?utm_source=feedly>

There’s a demand from the corporate sector to build new border crossings and expand existing ones between Mexico and the US. “Financially, investment in border crossings and infrastructure has not matched the exponential increase in trade crossing the border each year,” reads a December memo from the Council on Foreign Relations. This border infrastructure is necessary for the maquila (assembly) industry in Mexico to expand, and the US requires Mexico’s cooperation on these crossings, the construction of which amount to huge subsidies for the US and other corporations with operations along the US/Mexico border.

#### B. Maquiladoras hurt the Mexican economy – cause wage stagnation and concentration of wealth

Diederich 2012  
Phillippe Diederich is a freelance writer, photographer & educator. His work has appeared in the NYT, Time magazine, US News, and he has won numerous awards for his photography & writing. Born in the Dominican Republic & raised in Mexico City and Miami. “Do not be fooled by the ‘Maquiladora Economy’” July 17, 2012 http://www.voxxi.com/do-not-be-fooled-by-maquiladora-economy/#ixzz2UeLxV0Wh

Maquiladora is a Mexican word. It’s the nickname that was given to the manufacturing plants along the US-Mexico border, which sprouted up after the Brasero program ended in the sixties and the Mexican government began the Border Industrialization Program. It comes from the word, maquila, the quota millers charged for milling other people’s grain. Today, there are thousands of maquiladoras in just about every country in Latin America and Asia.¶ Countries with favorable conditions for maquiladoras must have all of the above: high poverty, high national debt, corrupt governments (dictatorships friendly to the U.S are a favorite) weak union organizations and financial incentives so foreign businesses can import their raw materials and export their finished product without having to pay fees to the host country. Maquiladoras, or assembly plants must be within a duty-free zone, and items must be tax and tariff free.¶ Yep, if your country’s got that, you can bet your sweet pesos the maquilas will come knocking, if they’re not already there. But if wages rise, unions organize, or the government changes its tax-free policy for maquilas, watch out! You could lose your maquilas to a more convenient country, one that is poorer and has even worse wages than yours.¶ That’s exactly what happened in Guatemala when workers got fed up with a Korean manufacturing plant. The Koreans shut down operations there, and are moving their maquiladora to Haiti where poorer more desperate people are willing to put up with their miserable wages and working conditions. And guess what, in this particular case the land is a gift courtesy of the willing Haitian government. The new port and buildings for the new manufacturing giant comes courtesy of the U.S. government. Which really means you, the tax payer. The poor people of the world thank you.¶ The problem with maquiladoras is that they create stagnant economies. Workers who assemble items for export cannot improve their lot because wage increases and upward mobility are virtually non-existent. In the world of maquilas, it’s as if the Soviets had won the cold war, only it’s capitalist corporations that are the culprits of such Dickensian misery.¶ But there’s an even greater problem with ‘Maquiladora Economics.’ Maquilas only benefit the corporations the their rich stockholders. The poor who manage to find work at a maquila are only taking one step out of one type of poverty and into another. It is an inert economy for those who work there. And all this is done so that we in the U.S.A. can satisfy our hunger for cheap name-brand shoes, multiple TVs in a single house, and fourteen-dollar shorts from Old Navy and Walmart, or even 300-dollar tennis shoes at Sacks.¶ Meanwhile, the workers at the Maquila cannot afford to go to the GAP in Mexico City and buy a t-shirt. But as these conditions and methods of manufacturing go full speed ahead, it’s also the U.S. middle class that is being crushed. The fact is the U.S. middle class cannot afford goods manufactured within our own economy. And the gap is getting wider.

### Uniqueness – Maquiladoras Down Now

#### Maquiladoras are decreasing in the status quo

Beck 2013

Dr. Allan Beck, Doctor of Management, University of Phoenix Prof. School of Business Strayer University, “Mexico Needs to Proactively Educate Maquiladora Workers” Research in Applied Economics ISSN 1948-5433 2013, Vol. 5, No. 1

Many maquiladora jobs have disappeared since 2000, and it may be time to work toward developing a new strategy, as the low-cost and low-wage model is not always competitive when compared with other producing areas of the world. The highest concentration of lost jobs in maquiladoras was from 2000 to 2003, and there has been slow growth since, but manufacturing jobs are still at a lower level than the peak. A large segment of the population continues to suffer as a result of the negative growth in manufacturing (Mendoza, 2010). Infrastructure deficiencies like a poor educational system, and other factors like globalization and financial downturns have left the traditional low-cost maquiladora model outdated and uncompetitive (Hadjimarcou, Brouthers, McNicol & Michie, 2013).

Mexico needs to establish a long-term strategy that will allow it to compete for high technology work because Mexico will need to lower costs by automating and performing tasks considered high-tech and advanced compared to the original maquiladora model. An increased effort on the part of the Mexican government to create policies that will enhance competitiveness and innovation in manufacturing (Carrillo, 2009). Mexico will need to emphasize and prioritize public education and find a way to provide additional university-level education to workers that only possess a high school education. Many Mexican workers only have the compulsory 9th grade education when entering the workforce and the only enhancement comes in the form of company sponsored training. The training is specific to a particular job or function and not in the realm of what education can produce.

### Creates Poverty in Mexico

#### Growth in cross-border manufacturing can’t solve the problems in the Mexican economy – it only perpetuates poverty.

Diederich 2013  
Phillippe Diederich is a freelance writer, photographer & educator. His work has appeared in the NYT, Time magazine, US News, and he has won numerous awards for his photography & writing. Born in the Dominican Republic & raised in Mexico City and Miami. “Is Mexico’s economic boom trickling down to all Mexicans?” 3/25/13 <http://www.voxxi.com/mexico-economic-boom-all-mexicans/>

By all accounts the Mexican economy is booming. Earlier this month Time Magazine said Mexico’s “GDP expanded almost 4 percent in 2011 and 2012. Investment is booming and the middle class is enlarging.” And now with President Enrique Pena Nieto working to break down some old barriers like overhauling public education and privatizing the government run oil giant Pemex , Mexicans are bracing for what might come next. And foreign corporations are salivating, ready to pounce as Mexico becomes the new China. All of this despite dire poverty, the disenfranchisement of the rural poor, and continued drug related crime that leaves at least a thousand dead per month. Corruption and impunity continue to plague the country. Is any of this economic good news trickling down to all Mexicans, including the urban poor in metropolitan areas like Mexico City, Monterrey and Guadalajara, and the millions of peasants who live in rural areas? Mexico has had economic booms before: In the 50′s and in the 70′s when oil reigned supreme. But little of the rewards reaped by the few ever trickled down to the poor. Booms, in fact, have hurt the poor in the long run because of the economic crashes that inevitably follow these economic booms. When austerity measures and cutbacks in social programs are implemented to deal with difficult times, it is the poor who suffer the most. There is no doubt that steady growth is a good thing for Mexico, but unfortunately, much of the focus of the economic boom is based on manufacturing. While Mexico’s largest exports are beer, flat screen televisions, and cars, there is little room for advancement for the average worker in these industries.

### Maq Impact – Kills Mexican Middle Class

#### **Kills Mexican middle class – hurts Mexican AND US economies**

Johnson 2012   
Tim Johnson, McClatchy Newspapers “Mexico's 'maquiladora' labor system keeps workers in poverty” 6/27/2012 http://www.mcclatchydc.com/2012/06/17/152220/mexicos-maquiladora-labor-system.html#storylink=cpy

Whether Mexico can progress in the decades ahead by leaving Perez and many of the 7 million or so other industrial and assembly workers like him behind is a crucial issue. Cheap labor keeps goods inexpensive in U.S. markets, but it also hinders the growth of a consuming class in Mexico.¶ “If these folks had money, they’d be buying things we make as well as stuff made in Mexico,” said Davis, the United Steelworkers representative.¶ “When you have a decent middle-class tax base, you can afford better services,” said Pete DeMay, a Mexico organizer for the United Auto Workers. “That’s not the case near a lot of these plants.”¶ The desperation of workers is apparent. Many of those who can’t find weekend jobs peddle trinkets from their homes or turn to more radical measures, such as crossing the Rio Grande to sell their blood plasma in Del Rio for $25 to $35 per visit.¶ “I donated for about two years. But then my heart rate started going up,” said Rogelio Villarreal, a 35-year-old who was sitting in a car outside the one-story offices of Talecris Plasma Resources in Del Rio.

### Alt causes – Mexican Economy

#### **Multiple alternative causes – faulty credit, informality, elite control, ineffective education, vulnerability to shocks**

Hanson 2012  
Gordon H. Hanson Professor Hanson holds the Pacific Economic Cooperation Chair in International Economic Relations at UC San Diego, research associate at the National Bureau of Economic Research Ph.D., Massachusetts Institute of Technology, 1992 (economics) “Understanding Mexico's Economic Underperformance” Regional Migration Study Group August 2012 http://www.migrationpolicy.org/pubs/rmsg-mexicounderperformance.pdf

Any discussion of growth and development in Mexico ends up resembling a Diego Rivera mural, overstuffed with historical characters that collide in repeated and unexpected ways. In effect, Mexico’s underperformance is overdetermined. The faulty provision of credit, persistence of informality, control of key input markets by elites, continued ineffectiveness of public education, and vulnerability to adverse external shocks each may have a role in explaining Mexico’s development trajectory over the past three decades. Still, the relative importance of these factors for the country’s growth record is unknown. The breadth and depth of reform in Mexico is astounding, yet the country does not have much to show for it. To improve its economic position, Mexico must decide how best to confront its disappointing growth record. Items worth placing on the country’s policy agenda include: • improving protections for creditors by giving creditors more scope to seize assets of borrowers in the event of default; • eliminating artificial incentives for workers to enter the informal sector by eliminating the implicit subsidization of workers in the informal sector by workers in the formal sector through Mexico’s dual system of social protection; • raising the incentive of youth to continue education, expanding opportunities for vocational and technical education, promoting continuing education among working adults, and encouraging collaboration with the country’s private sector in assessing and investing in the country’s human capital; • implementing anti-monopoly provisions in Mexican law to make telecommunications more competitive; • and reforming the energy sector to reduce electricity prices. Each of these items has been mentioned by other observers as deserving attention by the Mexican government, but none is easy to accomplish. Improving protections for creditors may be unpopular politically, as it would benefit a financial sector that is today primarily foreign owned. Eliminating subsidies for informal workers would require significant changes in Mexico’s health care system (e.g., providing universal coverage) and payroll tax structure. Any changes to the education system would require standing up to Mexico’s politically powerful teachers unions and to university students who tend to be vociferous opponents of reform to higher education. Previous governments have been unsuccessful in regulating Telmex, although the integration of cable, Internet, and mobile services is allowing new actors to emerge and may give the government greater bargaining power. Reforming the energy sector would likely require changes to Mexico’s constitution.

#### **The problems in the Mexican economy are too widespread and deep for the plan to solve.**

Aguila et al. 2010   
Emma Aguila Director, Center for Latin American Social Policy; Economist; Professor, Pardee RAND Graduate School Santa Monica Office Education Ph.D. in economics, University College London; M.Sc. in economics, University College London; B.A. in economics, Instituto Tecnológico Autónomo de México (ITAM) “United States and Mexico : ties that bind, issues that divide” RAND Corporation INVESTMENT IN PEOPLE AND IDEAS

The second part of this monograph describes Mexico’s economic and social climate, two of the most important catalysts of Mexican immigration to the United States. Although relatively stable (before the current economic downturn, whose effects remain to be seen), Mexico’s economic and social situation is in need of vast reform in many areas. Our examination of the factors yielding an increase in migration and the current state of the Mexican economy suggest that poverty in Mexico is still very widespread and that, while economic inequality has not grown since 1996, neither has it been reduced. Despite the intended benefits for Mexico with the establishment of NAFTA, which created the world’s largest free-trade area and several economic reforms of the 1990s, Mexico’s economic competition with other countries still remains relatively weak. The country lags behind most other developing countries in terms of competitiveness rankings; the World Bank and the World Economic Forum place Mexico in 44th and 52nd place respectively, competing with China, India, and Chile for foreign investment. Although President Calderón has passed legislation to reform the country’s weak judicial system and improve a generally excessive bureaucracy, these factors are generally thought to feed an underdeveloped competition culture. It has been estimated that regulatory burden alone costs Mexico at least 15 percent of its GDP. Fiscal policy in Mexico faces enormous challenges as well. Comparison with other OECD countries indicates that Mexico has one of the lowest tax-to-GDP ratios. Moreover, the government remains dependent on the revenue of PEMEX, Mexico’s state-owned oil monopoly. As much as 45 percent of federal government revenue stems from oil taxes, and, while Mexico is currently the sixth-largest oil producer in the world, production at the primary oil fields is projected to decline rapidly in the next decade. PEMEX has just begun to invest in the kind of R&D needed to compete in the global market, but many still believe that the failing oil reserves will further harm Mexico’s fiscal well-being. Finally, there is increasing evidence of widespread tax eva sion by Mexico’s large informal sector of workers, which is estimated to account for 20 percent of the profits generated in the country.

### A2 Econ – Mexico Key/Growth

#### Optimism about the Mexican economy is hype – structural problems preclude significant growth

Barba 2013   
“Mexico - Aztec Tiger On The Rise?” Alisa Barba Senior Editor Fronteras Desk, an award-winning journalist, producer, writer and editor with 25 years experience in both network and public broadcasting Monday, March 18, 2013 <http://www.fronterasdesk.org/news/2013/mar/18/mexico-aztec-tiger-rise/>

Many journalists and commentators have gotten on that compelling bandwagon: from The New York Times’ Thomas Friedman who recently claimed, “In India, people ask you about China, and, in China, people ask you about India: Which country will become the more dominant economic power in the 21st century? I now have the answer: Mexico." To Chris Anderson, former editor of Wired magazine and current CEO of 3D Robotics, singing the praises of manufacturing across the border in Tijuana in an op-ed titled, “The Tijuana Connection: A Template for Growth.” “The sense of possibility I felt when I first crossed from Hong Kong to Shenzhen in 1997 is what I now feel when I cross from San Diego to Tijuana. The trade routes of the 21st century don’t have to follow Marco Polo from West to East. Indeed, in the new manufacturing landscape, the routes don’t have to take you far at all.” Even the Washington Post has joined the chorus , saying the emerging Mexican middle class lives in a land where, “NAFTA dreams come true.” Wow. It’s a great story. The Mexican economy is booming, relatively speaking, with a growth rate exceeding 4 percent per year. As wages rise in China, “near-sourcing” becomes more attractive than “out-sourcing” and Mexico looks like a very compelling trade partner. A growing Mexican economy and middle-class could also help resolve another vexing problem — illegal immigration. Create jobs south of the Rio Grande, and the economic magnet in the U.S. loses power. But for anyone with experience in Mexico, it sounds too good to be true. And so there are also arguments penned in major newspapers and journals in the U.S. trying to put a damper on what seems naïve enthusiasm about Mexico’s imminent rise. The Miami Herald reports , for instance, on the fact that few people in Mexico seem to share Thomas Friedman’s optimism about their own country. A contributor to TIME magazine is skeptical as well, citing historical examples of how the “Mexican Miracles” has been over-hyped and wrong in the past.

#### Projections of explosive Mexican growth are wrong and empirically disproved – multiple structural factors preclude

Padgett 2013 Tim Padgett Time bureau chief for Miami & Latin America, reporting on the hemisphere from Tallahassee to Tierra del Fuego. He has chronicled Mexico’s democratization and drug war as well as the rise of Latin leaders like Lula and Hugo Chavez. “Mexico’s New Boom: Why the World Should Tone Down the Hype” March 08 Time Magazine <http://world.time.com/2013/03/08/mexicos-new-boom-why-the-world-should-tone-down-the-hype/#ixzz2UotXpNrg>

So as someone who has covered the country for almost 25 years, I tend to be wary when I see the blood-soaked headlines yielding all of a sudden to rose-colored banners hailing Mexico as “the Aztec Tiger” or “the New China.” Or when eminent columnists like the New York Times‘ Thomas Friedman rather hastily assert that Mexico will become a “more dominant economic power in the 21st century” than China. To his credit, Friedman points out that “crime syndicates, government corruption and weak rule of law hobble the nation.” But I worry about the emergence of an overweening boosterism that forgets what happened two decades ago—when belief in another Mexican miracle helped lead to one of the worst financial disasters in the country’s history.¶ This latest episode of It’s Always Sunny in Mexico evokes a familiar pattern. Because Mexico is attached to our southern border, it’s the only Latin American country that Washington and Wall Street feel they actually have to engage. Even so, they engage it grudgingly, and they get irritated when the media focus on its dysfunction—as was the case in the 1980s, Mexico’s Lost Decade of epic debt crisis. After Harvard-educated President Carlos Salinas de Gortari took office in 1988 and called for capitalist reforms that included a North American Free Trade Agreement, or NAFTA, word came down to us Mexico-based journalists from U.S. officials and business executives: All is transformed south of the border. Get with the program.¶ Salinas and his Armani-clad technocrats sold that bogus Mexican Miracle of overnight development remarkably well. So effectively, in fact, that few in the U.S. took notice when Mexico’s Potemkin façade, cracked by an indigenous uprising and a spate of political assassinations, started collapsing in 1994, culminating in a calamitous peso crash that required a $50 billion U.S. bailout. So forgive some of us if, almost 20 years later, we’re a bit reluctant to declare another fast-track Mexican Miracle and set aside our concerns about Mexico’s lingering dysfunction. Not just the mafia bloodletting, but the nagging failure to modernize a corrupt and incompetent judicial system. Not just the social inequality, which is still too vast, but the shameless business monopolies that exacerbate it by choking off competition and inflating prices.

### No Solve Mexican Economy

#### No Solvency - deep structural problems preclude solvency for the Mexican economy – trade and investment alone aren’t able to solve

Gonzalez 2013   
Aleyda González – Op-ed “The unjustified optimism over Mexico's economy” Entre Noticias Site is run by multi-awarded Mexican journalist Rubén Luengas website (www.rubenluengas.com), about News / Public Affairs from California, México and the World. 3/12/13 http://rubenluengas.com/index.php/english-posts/item/97-the-unjustified-optimism-over-mexicos-economy

Apart from the assumed agreement of political consensus, nothing has really changed in Mexico to ensure that today’s economy has the conditions for it to become a global power. Esquivel scrutinizes a series of elements that only lead to believe that Mexico’s economy is no different than what it was years ago. In fact he asserts that “a Mexican worker makes less today per hour of work than he did 30 years ago.” On a 12-year comparison against similar income level countries, Esquivel proves that Mexico’s GDP has remained the second lowest in Latin America for the past five years, only above Haiti. The GDP per equivalent adult in 2012 was exactly at the same point it was in 1978 ($14,000). Poverty levels have not changed significantly in the past decade, ranging from 53.1 percent (of the total population) in 1992 to 51.3 in 2010. As Esquivel points out, a change in perception may help attract new investments, but the reality is Mexico faces a deep structural problem that is not being addressed by the current political agreements. Therefore, “excessive optimism on the future evolution of the Mexican economy is clearly unjustified. Most likely, we can expect to continue in a mediocre path in both, the short and the medium terms"

### Not key to Global Economy

#### Mexico is not a global economic force – without addressing inequality and poverty trade can’t

Villagran 2013   
Lauren Villagran, Correspondent / April 24, 2013 “Is Mexico's economy more a fiesta or a siesta?” Christian Science Monitor http://www.csmonitor.com/World/Americas/2013/0424/Is-Mexico-s-economy-more-a-fiesta-or-a-siesta

There are two sides to the coin when comes to Mexico's future as a global economic force. The new government inherited an economy rebounding from the impact of the economic crisis, but how the administration approaches deep-rooted challenges like poverty and inequality will determine whether the current optimism gains momentum or peters out. Mexico’s potential remains enigmatic. There is no doubting the country’s macroeconomic successes, economists say. A stable currency over nearly 20 years, steady (if sometimes slow) economic growth; and fiscal discipline have combined to keep Mexico sailing in smooth waters. Mexico has signed a dozen trade pacts, which have opened it to the world. That’s the bird’s eye view. But zoom in and Mexico’s troubles come into focus. Despite a more open economy and a growing middle class, nearly half the population remains poor, living on as little as $80 per month or less. The widely industrialized north and central regions contrast with the poverty entrenched across much of the south. Nationwide, between 50 and 62 percent of workers toil in the informal economy, according to the World Bank – an uncharted area in which workers frequently don’t pay taxes and lack the safety nets of health insurance or employment contracts.

## Impacts

### AT: Econ Decline => War

#### No War – Studies Prove And Democracies Solve

Miller, 2K (Faculty of Administration, University of Ottawa, Interdisciplinary Science Reviews, Vol. 25, No. 4, pg.277)

The question may be formulated. Do wars spring from popular reaction to a sudden economic crisis that exacerbates poverty and growing disparities in wealth and incomes?  Perhaps one could argue, as some scholars do, that it is some dramatic event or sequence of such events leading to the exacerbation of poverty that, in turn, leads to this deplorable denouement.  This exogenous factor might act as a catalyst for a violent reaction on the part of the people or on the part of the political leadership who would then possibly be tempted to seek a diversion by finding or, if need be, fabricating an enemy and setting in train the process leading to war.  According to a study undertaken by Minxin Pei and Ariel Adesnik of the Carnegie Endowment for International Peace, there would not appear to be any merit in this hypothesis.  After studying ninety-three episodes of economic crisis in twenty-two countries in Latin America and Asia in the years since the Second World War they concluded that:  Much of the conventional wisdom about the political impact of economic crises may be wrong…The severity of economic crisis-as measured in terms of inflation and negative growth-bore no relationship to the collapse of regimes…(or, in democratic states, rarely) to an outbreak of violence.  In the cases of dictatorships and semi-democracies, the ruling elites responded to crisis by increasing repression (thereby using one form of violence to abort another).

#### Economic decline not cause war -- Empirically denied – recession.

Barnett, senior managing director of Enterra Solutions LLC, 8/25/200’9, <http://www.aprodex.com/the-new-rules--security-remains-stable-amid-financial-crisis-398-bl.aspx>

When the global financial crisis struck roughly a year ago, the blogosphere was ablaze with all sorts of scary predictions of, and commentary regarding, ensuing conflict and wars -- a rerun of the Great Depression leading to world war, as it were. Now, as global economic news brightens and recovery -- surprisingly led by China and emerging markets -- is the talk of the day, it's interesting to look back over the past year and realize how globalization's first truly worldwide recession has had virtually no impact whatsoever on the international security landscape. None of the more than three-dozen ongoing conflicts listed by GlobalSecurity.org can be clearly attributed to the global recession. Indeed, the last new entry (civil conflict between Hamas and Fatah in the Palestine) predates the economic crisis by a year, and three quarters of the chronic struggles began in the last century. Ditto for the 15 low-intensity conflicts listed by Wikipedia (where the latest entry is the Mexican "drug war" begun in 2006). Certainly, the Russia-Georgia conflict last August was specifically timed, but by most accounts the opening ceremony of the Beijing Olympics was the most important external trigger (followed by the U.S. presidential campaign) for that sudden spike in an almost two-decade long struggle between Georgia and its two breakaway regions. Looking over the various databases, then, we see a most familiar picture: the usual mix of civil conflicts, insurgencies, and liberation-themed terrorist movements. Besides the recent Russia-Georgia dust-up, the only two potential state-on-state wars (North v. South Korea, Israel v. Iran) are both tied to one side acquiring a nuclear weapon capacity -- a process wholly unrelated to global economic trends. And with the United States effectively tied down by its two ongoing major interventions (Iraq and Afghanistan-bleeding-into-Pakistan), our involvement elsewhere around the planet has been quite modest, both leading up to and following the onset of the economic crisis: e.g., the usual counter-drug efforts in Latin America, the usual military exercises with allies across Asia, mixing it up with pirates off Somalia's coast). Everywhere else we find serious instability we pretty much let it burn, occasionally pressing the Chinese -- unsuccessfully -- to do something. Our new Africa Command, for example, hasn't led us to anything beyond advising and training local forces. So, to sum up: \* No significant uptick in mass violence or unrest (remember the smattering of urban riots last year in places like Greece, Moldova and Latvia?); \* The usual frequency maintained in civil conflicts (in all the usual places); \* Not a single state-on-state war directly caused (and no great-power-on-great-power crises even triggered); \* No great improvement or disruption in great-power cooperation regarding the emergence of new nuclear powers (despite all that diplomacy); \* A modest scaling back of international policing efforts by the system's acknowledged Leviathan power (inevitable given the strain); and \* No serious efforts by any rising great power to challenge that Leviathan or supplant its role. (The worst things we can cite are Moscow's occasional deployments of strategic assets to the Western hemisphere and its weak efforts to outbid the United States on basing rights in Kyrgyzstan; but the best include China and India stepping up their aid and investments in Afghanistan and Iraq.) Sure, we've finally seen global defense spending surpass the previous world record set in the late 1980s, but even that's likely to wane given the stress on public budgets created by all this unprecedented "stimulus" spending. If anything, the friendly cooperation on such stimulus packaging was the most notable great-power dynamic caused by the crisis. Can we say that the world has suffered a distinct shift to political radicalism as a result of the economic crisis? Indeed, no. The world's major economies remain governed by center-left or center-right political factions that remain decidedly friendly to both markets and trade. In the short run, there were attempts across the board to insulate economies from immediate damage (in effect, as much protectionism as allowed under current trade rules), but there was no great slide into "trade wars." Instead, the World Trade Organization is functioning as it was designed to function, and regional efforts toward free-trade agreements have not slowed. Can we say Islamic radicalism was inflamed by the economic crisis? If it was, that shift was clearly overwhelmed by the Islamic world's growing disenchantment with the brutality displayed by violent extremist groups such as al-Qaida. And looking forward, austere economic times are just as likely to breed connecting evangelicalism as disconnecting fundamentalism. At the end of the day, the economic crisis did not prove to be sufficiently frightening to provoke major economies into establishing global regulatory schemes, even as it has sparked a spirited -- and much needed, as I argued last week -- discussion of the continuing viability of the U.S. dollar as the world's primary reserve currency. Naturally, plenty of experts and pundits have attached great significance to this debate, seeing in it the beginning of "economic warfare" and the like between "fading" America and "rising" China. And yet, in a world of globally integrated production chains and interconnected financial markets, such "diverging interests" hardly constitute signposts for wars up ahead. Frankly, I don't welcome a world in which America's fiscal profligacy goes undisciplined, so bring it on -- please! Add it all up and it's fair to say that this global financial crisis has proven the great resilience of America's post-World War II international liberal trade order.

#### Diversionary theory is wrong – there’s no empirical evidence and the theory is based on faulty assumptions

Foster and Keller 10  
(2010, Dennis, PhD in political science, Assistant Professor, Virginia Military Institute, and Jonathan, PhD in political science, Assistant Professor of Political Science, James Madison University, “Rallies and the “First Image” Leadership Psychology, Scapegoating Proclivity, and the Diversionary Use of Force,” Conflict Management and Peace Science 2010 27: 417, sage)

Despite its compelling logic, general empirical confirmation of the diversionary hypothesis remains elusive (Levy, 1989). Of the many efforts exploring this lack of support, perhaps the most significant are those which contest the assumption that armed diversion “works”. The mere employment of the strategy is fraught with considerable risks and is morally quite objectionable. Moreover, while the use of force sometimes prompts astounding gains in approval, numerous studies conclude that rallies are normally quite short-lived and are generated with little or no consistency (e.g. Lian and Oneal, 1993; Oneal and Bryan, 1995). Indeed, research by Colaresi (2007) contends that domestic audiences are likely to abstain from rallying if they suspect leaders’ decisions to be spurred by base political concerns rather than the defense of the national interest. In all, if these arguments are correct, one may conclude (as do Meernik and Waterman, 1996) that the ambivalence of diversionary findings is not simply a matter of insufficient analytical frameworks or intervening caveats; it is instead attributable to the weakness of the core theory, and the validity of the entire diversionary research paradigm is open to question.

### US Economy won’t collapse

#### The US economy won’t collapse – the government can handle it

Amadeo 13 (Amadeo, Kimberly. "U.S. Economy Collapse." – ‘Will the US Economy collapse?’ About.com US Economy. N.p., 12 Feb. 2013. Web. 05 July 2013. <http://useconomy.about.com/od/criticalssues/p/US-Economy-Collapse.htm>.Publisher of "Beyond the Great Recession: What Happened and How to Prosper"; President of WorldMoneyWatch.com; 20 years senior-level experience in economic analysis and business strategy working for major international corporations; M.S., Sloan School of Business, M.I.T. and M.S. Planning, Boston College)

The U.S. economy is so large and resilient, it is highly unlikely that even these events could create a collapse. Hyperinflation is easily tamed by the Federal Reserve's contractionary monetary tools. The FDIC insures banks, and the Treasury can print all the money needed to make sure depositors get their funds. Homeland Security can address the cyber-threat. If not, eventually the economy can always return to how it functioned before the Internet. The Strategic Oil Reserves can be released to offset an oil embargo. The U.S. military can respond to a terrorist attack, transportation stoppage, or rioting/civil war. In other words, most Federal government programs are designed to prevent just such an economic collapse.

### US Economy has never collapsed

#### **US has never had a real economic collapse – they define it wrong**

Amadeo 13 (Amadeo, Kimberly. "U.S. Economy Collapse." – ‘What is Economy Collapse?’ About.com US Economy. 12 Feb. 2013. <http://useconomy.about.com/od/criticalssues/p/US-Economy-Collapse.htm>.Publisher of "Beyond the Great Recession: What Happened and How to Prosper"; President of WorldMoneyWatch.com; 20 years senior-level experience in economic analysis and business strategy working for major international corporations; M.S., Sloan School of Business, M.I.T. and M.S. Planning, Boston College)

A U.S. economic collapse is when when the economy no longer functions to provide the daily necessities. Any of the following scenarios could create an economic collapse. First, if the U.S. dollar rapidly loses value it would create hyperinflation. Second, a bank run could force banks to close or even go out of business, cutting off lending and even cash withdrawals. Third, the internet could become paralyzed with a super-virus, preventing emails and online transactions. Fourth, interstate trucking stops, thanks to parallel terrorist attacks or a massive oil embargo, and grocery stores would run out of food. In the worst case, the U.S. economy collapses due to widespread violence, like the Watts riots in the 60s, the Arab Spring uprisings in Egypt, or even a civil war. There were two times in modern U.S. history when the economy was close to collapse -- The Great Depression of 1929 and the 2008 financial crisis. During the Great Depression, at least 25% of the labor force lost their jobs. There was no Social Security or unemployment benefits, so they depended on soup lines to survive. Many families lost their farms thanks to the Dust Bowl, and packed all their belongings into trucks and headed to California. There, they lived in tent cities called Hoovervilles. Many others lost their life savings in the 1929 stock market crash, some even committing suicide as a result. Others couldn't get their money out of banks that closed on Friday, and opened on Monday to offer only ten cents on the dollar. It took a decade before the economy started functioning again. The second time was recently, during the financial crisis. The U.S. was within weeks of economic collapse on September 17, 2008. That's the day that panicked investors withdrew a record $140 billion from money market accounts. This meant that banks were no longer lending to businesses, or each other, for even overnight loans. This short-term cash is what businesses rely on to fund day-to-day operations. If this panic had continued for even a week, trucks would stop rolling, grocery stores would run out of food, and businesses would shut down. For more, see September 2008 Run on Money Markets. In this case, quick thinking by Ben Bernanke, Chairman of the U.S. Federal Reserve, and then Treasury Secretary Hank Paulson supplied the cash to keep banks afloat and stem the panic. Bernanke was an expert on the Great Depression, and happened to know exactly how to stem a run on the banks. Another person in his role might not have understood the situation, or known what to do. Paulson was a Wall Street veteran, and recognized what was happening in time to do something about it. Most people don't realize how close the U.S. economy came to a real collapse -- or how vulnerable it is to another one.

### China Economy OW

#### China economy collapse would cause global recession

Gorrie 13 (Gorrie, James R. "Introduction." Introduction. The China Crisis: How China's Economic Collapse Will Lead to a Global Depression. Hoboken, New Jersey: John Wiley & Sons, 2013. 6. Print.political economist and leading financial journalist; writes on macroeconomic topics, investment strategies, and geopolitical events around the world. He has interviewed experts such as renowned economist James K. Galbraith, currency expert Craig R. Smith, and real estate master George Ross of the Trump Organization. His articles have appeared or been referenced on sites such as MSN Money, Seeking Alpha, and Yahoo! Business News. He has served as Editorial Director and Managing Editor for digital publishing firms and is also an award-winning screenwriter, filmmaker (The Indian), and novelist. James also ghostwrites for both famous and semi-famous personalities in America and abroad. Before writing professionally, James spent over eighteen years in the financial industry. He attended the University of California at Santa Barbara where he reached doctoral candidacy in international relations and comparative politics, with an area specialty in international political economy; he also holds a bachelor's degree in economics.; Business and Economic Genre; April 29, 2013)

As global economic conditions grow worse, the temptation and need for foreign adventurism will grow for China’s policy makers. It is no stretch of the imagination to say that the rhetorical foundations are being put in place on an almost daily basis. This includes not just China’s neighbors in the Asian-Pacific region, but the West in general and, specifically, the United States. Even as China’s greatest debtor—or perhaps on some level, because of its position as such—the United States is viewed as a main adversary in the political announcements of China’s communist leaders. How this will play out remains to be seen. Thus, a warning to the rest of the world regarding China’s coming collapse is a wise precaution, and more than that, it is an absolute necessity. This is because the consequences and effects of communist China’s descent into a twenty-first century catastrophe, rivaling or even surpassing those in its early history of the mid-twentieth century, will not be contained within China. The global recession in which the world finds itself will deepen considerably since the United States, and therefore, the world, now depends upon China’s financial liquidity and markets. As China pays the price for its grave mistakes and willful abuse of its economy, its people, and its natural environs, the entire world will feel its pain.

# TPP Adv

### Plan Hurts TPP

#### Process link – negotiations from the plan will bind the U.S. to regionalism, trading off with multilateral TPP

Villarreal and Fergusson 13 – Specialists in International Trade and Finance

M. Angeles and Ian F., “NAFTA at 20: Overview and Trade Effects”, Feb 21, <http://www.fas.org/sgp/crs/row/R42965.pdf>, CMR

Trans-Pacific Partnership (TPP) ¶ With the start of the Auckland Round in December 2012, Canada and Mexico began participating ¶ in the ongoing negotiations for a proposed TPP free trade agreement (FTA) among eleven ¶ countries in the Asia-Pacific region.84 The United States is an active participant in the ¶ negotiations and was among the first tranche of countries to join the original four members of the ¶ Trans-Pacific Strategic Economic Partnership (Brunei, Chile, New Zealand, and Singapore) to ¶ launch the TPP negotiations in the fall of 2008. With 26 negotiating groups and 29 chapters under ¶ discussion, the TPP partners envision the agreement to be “comprehensive and high-standard,” in ¶ that they seek to eliminate tariffs and non-tariff barriers to trade in goods, services, and ¶ agriculture, and to establish rules on a wide range of issues, including intellectual property rights, ¶ foreign direct investment and other economic activities. They also strive to create a “21st century ¶ agreement” that addresses new and cross-cutting issues presented by an increasingly globalized ¶ economy. ¶ While the United States has indicated that it is only negotiating bilateral market access in the TPP ¶ talks with countries with which it does not have FTAs—Brunei, Malaysia, New Zealand, and ¶ Vietnam—it has sought to go beyond current U.S. FTAs in its proposed rules chapters. This has ¶ become a point of contention in the talks and may become an issue for Canada and Mexico as ¶ well. The TPP may have implications for NAFTA in several areas, including intellectual property ¶ rights (IPR), investment, services, government procurement, as well as labor and environmental ¶ provisions. The related provisions in more recent free trade agreements that the United States has ¶ negotiated, such as those with Colombia, Panama, Peru, and South Korea, include commitments ¶ that go beyond NAFTA. If agreement is reached on a TPP, Canada and Mexico may have to ¶ adhere to stronger and more enforceable labor and environmental provisions, stronger IPR ¶ provisions, as well as some issues that were not addressed in detail in the NAFTA, such as ¶ disciplines on state-owned enterprises.

#### Perception alone triggers the link – plan signals the US isn’t committed, collapses the pivot

Japan Times 12 “Mr. Obama’s focus on Asia”, 11/24, <http://www.japantimes.co.jp/opinion/2012/11/24/editorials/mr-obamas-focus-on-asia/#.UdOYnvm1FiI>, CMR

Indeed, the critical question for the U.S. is the perception of its Asia policy. While the U.S. proclaims a new strategic focus on the region, the vast majority of these policies have been in place for over a decade.¶ The U.S. will continue to be deeply involved in Asian affairs. The U.S. leadership understands that its future vitality requires a deeper commitment to the region and a deeper appreciation of its value to the U.S.¶ But Mr. Obama fights an uphill battle — not because of actual constraints, but because of the perception that his resources are limited. Winning the public relations battle — the battle for Asian minds — is the real challenge for the U.S.

#### Plan drains Obama’s focus – agenda is finite

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

Obama sought to warm the two bilateral relationships, but his agenda was so full - with two wars, a deep recession, and health insurance - that he could not devote the time or political capital to refashion the North American relationship. This is the political context that explains why the three governments failed to take any steps to flatten the speed bumps, fill the potholes, eliminate the roadblocks, tear down the walls, and stop extracting tolls in the absence of roads. Real integration stalled and went into reverse. The costs of doing business among the NAFTA countries increased.

#### Latin America policy drains diplomatic capital – crowds-out other issues

Rozental 10 – member of the Advisor board, president of Rozental & Asociados in Mexico City and senior fellow at the Brookings Institution (Andres, “What Do the U.S. Election Results Mean for Latin America?”, 11/8, <http://www.thedialogue.org/page.cfm?pageID=32&pubID=2505>, CMR)

A: Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior fellow at the Brookings Institution: "The results of the U.S. congressional elections can only be sobering news for Latin America in general, and Mexico in particular. With a political and foreign policy agenda in Washington already crowded with issues unrelated to our region, it would appear that the hemisphere will slip even further down on the list of priorities for both the Obama administration and Congress. The change of control in the House probably means that even if he really wanted to move the immigration and gun control agenda forward, President Barack Obama won't have the political capital needed to counter newly elected right-wing Republicans and Tea Party representatives who generally oppose comprehensive immigration reform or any limitations on Second Amendment rights to buy and own all types of weapons, many of which find their way to the drug cartels in Mexico and beyond. Although some analysts have forecast an increased foreign policy interest by the White House after the Nov. 2 elections, any such change will most probably focus on Afghanistan, India-Pakistan relations, Iran and the Middle East peace process, not on the immediate neighborhood. Congress has already reduced the amount of assistance under Plan Mérida to Mexico, Central America and the Caribbean, which was meant to materialize the 'shared responsibility' that the United States has rhetorically assumed for the war on drugs since Obama was elected two years ago. Nothing on his or the immediate congressional agenda would indicate today that relations with Latin America might substantially change during the remaining biennium of his first term."

### Neg No China War

#### China will not challenge or start a war with the US.

Bianjiang June 2013 Yu Bianjiang is an associate at the Institute for the Study of Diplomacy, Edmund A. Walsh School of Foreign Service, Georgetown University Sailing Against the Current— China-U.S. Relations in the Next Stage <http://isd.georgetown.edu/files/Yu_Sailing_FinalEditedPaper.pdf>

Many books and articles discuss an inevitable big power rivalry between China, the rising power, and the United States, the established power. This, however, is more an empirical assumption than a conclusion based on solid facts.11 As for the overall national power balance, there is still a huge gap between China and the United States.12 Although the United States is facing a lot of problems, it will remain the strongest single power in the world for the foreseeable future. As Professor Zbigniew Brzezinski has put it, America has six main assets: overall economic strength, innovative potential, demographic dynamics, reactive mobilization, a geographic base, and a democratic appeal.13 Other assets can easily be added to that list: an overwhelming military superiority, a broad alliance system, and an international-agenda setting capability: “It is a mistake to exaggerate Chinese power. Even when the overall Chinese GDP [gross domestic product] passes that of the United States, the two economies will be equivalent in size, but not equal in composition. [Do not] ignore U.S. military and soft-power advantages, as well as China’s geopolitical disadvantages.”14 For quite a long time, China will remain an ambivalent country. Although China likely will continue its rather high-speed development, it will face a myriad of daunting internal challenges, including, to name but a few, growing inequities, the need to build a new economic growth engine, environmental pollution, massive migration from rural areas to cities, and an aging population. “Any small individual problem multiplied by 1.3 billion becomes a big problem. And any considerable amount of financial and material resources divided by 1.3 billion becomes really small.”15 Or in David Shambaugh’s term, China is still a “partial power.”16 China also does not intend to fight for global hegemony with the United States for the following reasons: 1. China has too many neighbors. A militant Chinese policy would easily enhance cooperation among them and pose a formidable obstacle to China. Any kind of Chinese dream would thus become illusory. 2. China has become a major stakeholder and beneficiary in the existing international order and is an unlikely candidate for revolutionary change.17 3. China has little history of global adventurism. In ancient history, China’s imperial expansion was achieved by osmosis rather than by conquest, or by the conversion to the Chinese culture of conquerors who then added their territories to the Chinese domain.18 Moreover, nuclear weapons and inseparable interdependence have made the world unwilling to adjust the international system through waging wars. As Dr. Brzezinski has stated, “I personally do not believe that wars for global domination are still a serious prospect in what is now clearly the post-hegemonic age.”19

#### China won’t go to war - no incentive.

Bremmer, 10 – president of Eurasia Group and author (Ian Bremmer, “China vs. America: Fight of the Century,” Prospect, March 22, 2010, <http://www.prospectmagazine.co.uk/2010/03/china-vs-america-fight-of-the-century/>)

China will not mount a military challenge to the US any time soon. Its economy and living standards have grown so quickly over the past two decades that it’s hard to imagine the kind of catastrophic event that could push its leadership to risk it all. Beijing knows that no US government will support Taiwanese independence, and China need not invade an island that it has largely co-opted already by offering Taiwan’s business elite privileged investment opportunities.

#### China wouldn’t fight a war in ANY dispute.

Fravel ‘8 (Taylor, poli sci prof and member of the Security Studies Program at MIT, “Power Shifts and Escalation,” International Security, Winter, lexis)

The prospects for China's use of force in its six unresolved disputes are mixed. On a positive note, China's disputes with India and Bhutan as well as its conflicts over the Paracel and Spratly Islands have been effectively neutralized. China reached agreements on confidence-building measures in its remaining frontier disputes with India and Bhutan in the 1990s, and negotiations for a final settlement are ongoing and have been conducted without using military threats. In April 2005, India and China signed an agreement on the guiding principles for settling their long-standing dispute. [130](http://www.lexis.com/research/retrieve?_m=7296538804c80869443a2f422b118e80&docnum=5&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzb-zSkAt&_md5=21a463804ef277a96be397c784ddbb21&focBudTerms=PRC%20AND%20nationalism%20w/10%20china%20&focBudSel=all" \l "fnote130" \t "_self) Offshore, the potential for conflict over two of China's outstanding island disputes has been reduced significantly. China has occupied all of the disputed Paracels features since the 1974 clash with South Vietnam. Although it is unlikely to relinquish control over the archipelago, Vietnam lacks the means to challenge China militarily. Likewise, the hallmark of China's foreign policy in Southeast Asia, its engagement of the Association of Southeast Asian Nations (ASEAN), has neutralized the Spratlys dispute. [131](http://www.lexis.com/research/retrieve?_m=7296538804c80869443a2f422b118e80&docnum=5&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzb-zSkAt&_md5=21a463804ef277a96be397c784ddbb21&focBudTerms=PRC%20AND%20nationalism%20w/10%20china%20&focBudSel=all" \l "fnote131" \t "_self) By agreeing to a code of conduct declaration in 2002 and signing the ASEAN Treaty of Amity and Cooperation in 2003, China has committed itself to refrain from occupying additional contested features and from using force against other signatories to the agreement, which includes all other claimants to the Spratlys. Likewise, having occupied disputed reefs in 1988 and 1994, China has strengthened its relative position. Bolstered by its growing naval power relative to the other claimants, China can be confident about the strength of its claim and the outcome of any negotiations.

# Relations Adv

### Alt Cause - Spying

#### Spying kills relations.

Reuters 7/10/13 Mexican president says possible U.S. spying 'totally unacceptable '

July 10, 2013|Reuters http://articles.chicagotribune.com/2013-07-10/news/sns-rt-us-usa-security-snowden-mexico-20130710\_1\_mexico-city-media-report-foreign-ministry

Mexican President Enrique Pena Nieto said on Wednesday that if allegations were proven that the United States had spied on its southern neighbor, it would be "totally unacceptable." During a visit to northern Mexico, Pena Nieto was asked for his views on a media report that the U.S. National Agency had spied on countries including Mexico "We have asked quite clearly, via the foreign ministry ... for an explanation from the government ... about possible spying," he told reporters in the border state of Chihuahua. "And we want to know if this is the case, and if it so, it would obviously be totally unacceptable," he added, noting that relations with Washington remained cordial. Claims that the NSA monitored internet traffic, especially in Colombia, Venezuela, and Mexico, were made in a Brazilian newspaper citing documents leaked by Edward Snowden, a fugitive former NSA contractor. Earlier, Mexico's foreign ministry said it had asked Washington for an explanation about the report in the paper O Globo. Separately, the Mexican government responded to a media report alleging that the prior administration had signed a contract in 2007 allowing the United States to install a to monitor phone and internet communications in Mexico. "The General is reviewing the documentation regarding this apparent agreement. We are going to verify if it exists and under what conditions," said Eduardo Sanchez, a spokesman for the Interior Ministry. Emilio Gamboa, the Senate leader of Pena Nieto's Institutional Revolutionary Party, said the contract allegations needed to be thoroughly investigated. "Friendship is made by cooperation, not by spying on us," Gamboa told reporters in Mexico City.

### Alt Cause - Security

#### Economic relations not key – security is a pre requisite

Schaefer, 13 [Agnes Bereben is a senior political scientist at the nonprofit, nonpartisan RAND Corp., based in Santa Monica, Calif, If U.S.-Mexico Get Security Right, Other Good Policy Will Follow

<http://www.rand.org/blog/2013/05/if-us-mexico-get-security-right-other-good-policy.html>]

During their joint news conference, Obama and Mexican President Enrique Peña Nieto touted their work on economic cooperation and commercial integration. Likewise, Obama's speech to the Mexican people and a joint statement from the two presidents stressed economic ties and shared opportunities while only briefly mentioning such difficult security issues as drugs, guns and crime. Headlines suggested that the economy will become the driving force behind future U.S.-Mexico relations. Let's not get carried away. While security isn't the only topic confronting Washington and Mexico City, it's still likely to consume the lion's share of attention in this crucial relationship. After all, between Peña Nieto's inauguration in December 2012 and the end of April 2013, 5,296 people were killed in Mexico in drug-related violence — about 35 every day. That level of violence alone would keep security issues as a high priority for the United States and Mexico. Moreover, drug trafficking in Mexico continues to affect the U.S. Mexico is the largest supplier of heroin, marijuana and methamphetamines to the U.S., and Mexico is the shipment point for 95 percent of the cocaine brought into the U.S. So over the past six years, the U.S. has embarked on a strategic partnership with Mexico that has focused on drug-related violence. This partnership has meant closer U.S.-Mexican cooperation on several fronts, including an unprecedented transfer of U.S. equipment, U.S. training of Mexican security forces and U.S. access to Mexican security agencies. But while security will remain central to the U.S.-Mexico relationship, the two sides may well change how they handle it. The new Peña Nieto administration is re-evaluating Mexico's recent close cooperation on security. The new Mexican leader's overall security strategy is evolving, but he has embarked on some important reforms to defense institutions. Peña Nieto has called for a more centralized approach to security issues that would eliminate inefficiencies and redundancies across government agencies. He is also pushing to develop a new National Intelligence Agency — similar to the U.S. Office of the Director of National Intelligence set up after the 9/11 Commission to quarterback the U.S. intelligence community — that would streamline Mexico's intelligence collection and analysis, which is now conducted by many disparate agencies. The most important unanswered question is how involved Peña Nieto and his Institutional Revolutionary Party want the U.S. to be in future efforts to decrease drug-related violence. Some Mexican leaders and commentators are calling for the U.S. to back off, and some are explicitly asking to roll back the cooperative mechanisms of the past several years. As Peña Nieto refines his national security strategy, he will need to navigate these domestic pressures — and, ultimately, decide how much U.S. assistance he will consider, and in what form. Peña Nieto isn't the only one facing domestic pressures, of course. Obama could almost hear the heated debates in Congress on immigration reform and border security from Mexico City. So the two leaders emphasized economic cooperation at their summit not because security issues have gone away, but because the new rules of the game in this nascent relationship between Obama and Peña Nieto are evolving. Economic cooperation is of course also exceedingly important. The United States is still Mexico's largest trading partner. In 2011, U.S. trade with Mexico totaled $500 billion, and Mexico was the United States' second-largest goods export market in 2012. But let's not assume that economic issues will displace security issues at the top of the U.S-Mexico agenda. Because security issues are not going away,the two sides need to tackle them as best they can. The Obama and Peña Nieto administrations should build on the unprecedented levels of cooperation developed over the past six years — and if they get security right, they will be far better-positioned to broaden the relationship to focus on other issues such as economics, energy and the environment. If the two sides continue to invest together in security today, they may find themselves with far more opportunities for broader cooperation tomorrow.

#### Alternative causalities to relations collapse--rising tensions over the perceived militarization of the Mexican border is a thorn in the side of relations

**Fauset 13,** Richard Fausset covers Mexico and Central America for the Los Angeles Times(Richard, "In Mexico, U.S. border 'surge' proposal stirs outcry" 6/25/13, LA Times, http://articles.latimes.com/2013/jun/25/world/la-fg-mexico-border-anger-20130626)//AD

MEXICO CITY — The U.S. Senate's proposal to spend $46 billion to help secure the country's southern border may or may not persuade skeptical colleagues in the House to support broader immigration reform. But the proposal is generating some serious grumbling in Mexico. "We are 'friends and neighbors,' as is repeated ad nauseam," Fernando Belaunzaran, a congressman with Mexico's left-wing Democratic Revolution Party, tweeted this week, "but the U.S. is about to militarize the border with Mexico as if we were at war." "Neighbors don't do this to each other," Univision news anchor Jorge Ramos wrote in the newspaper Reforma. On a national radio show, Lorenzo Meyer, a respected columnist and academic, suggested that Mexico retaliate by kicking out CIA and Defense Department officials who are collaborating with the government in the fight against drug cartels. Or perhaps, Meyer mused, Mexico could get back at the U.S. by refusing to accept any more American retirees. The proposed spending spree at the border — which supporters have labeled a "surge," after the 2007 U.S. troop increase in Iraq — was included as an amendment to a broader immigration bill that appears almost certain to pass in the Senate this week. The additional spending would add nearly 20,000 Border Patrol officers, roughly doubling the current force. It would also fund the completion of 700 miles of border fencing and 24-hour surveillance flights by drones. The Senate voted 67 to 27 on Monday to end debate on the amendment. Supporters are hoping that a lopsided approval of the immigration reform bill in the Senate will build momentum for the proposal as it heads to the House of Representatives. In the lower chamber, some conservative lawmakers do not want to support the bill's provision of a "path to citizenship" for unauthorized immigrants, particularly because they fear it will encourage more people to sneak in. But supporters of the surge are hoping to convince skeptical House members that slipping across the border will become far more difficult. The plan's American critics include immigrant rights advocates, budget hawks and civil libertarians wary of the expanded surveillance capabilities the Border Patrol would be granted. In Mexico, most of the complaints have come from the left, whose leaders have reiterated the long-held opinion here that U.S. border policy, with its walls, fences and armed border agents, is an insult to their nation. A number of critics also have taken aim at the government of President Enrique Peña Nieto for not speaking out more forcefully. "The passivity and negligence of his government is incomprehensible; it's as if this had nothing to do with him, as if this was not going to seriously affect millions of Mexicans," Ramos, the TV anchor, wrote in his column Sunday. Peña Nieto's team has chosen to hang back from the immigration debate north of the border, apparently out of fear that any cheerleading for the cause could be construed by American conservatives as unwarranted meddling. Former Mexican President Vicente Fox's efforts to persuade Americans to accept immigration reform in 2001 led to a substantial backlash. Fox's former foreign secretary, Jorge Castañeda, who helped lobby for a change in immigration law in 2001, said the Mexican government needed to speak out about the plan. "Mexico can't say nothing in the face of a reform that includes doubling the number of Border Patrol agents," he said in a radio interview Monday. "It strikes me as shameful." On Tuesday, Foreign Secretary Jose Antonio Meade delivered a measured statement in which he reiterated the government's contention that U.S. immigration reform would help millions of Mexican migrants. But fences, Meade said, "are not the solution to the phenomenon of migration, and aren't consistent with a modern and secure border. They don't contribute to the development of the competitive region that both countries seek to promote." The apprehension of Mexicans at the U.S. border has been trending dramatically downward since fiscal 2000, when 1.6 million Mexicans were detained. In fiscal 2012, the number was 262,000. It's likely that fewer Mexicans have been trying to cross in light of the sputtering U.S. economy, stricter border control and fear of Mexican criminals who prey on migrants. U.S. government statistics show that the number of non-Mexicans apprehended at the border, most of whom were Central Americans, also declined from fiscal 2005 to 2011. But the number doubled from 2011 to 2012, to 94,000, probably a result of rising violence and instability in several Central American countries. Maria Garcia, the president of the Mexico City-based Aztlan Binational Migrants Movement, said that increased border enforcement would force migrants to find even more dangerous and remote places to cross the border, putting their lives at greater risk. She also doubted that a more heavily fortified border would do much to scare off migrants seeking better wages. "Hunger is too strong," she said. "They'll keep risking their lives." But Alfredo Rodriguez, a 59-year-old hardware store clerk, said he could live with the border plan if the U.S. gave Mexicans more legal avenues for employment, such as temporary work visas. In any case, he said, the Americans were within their rights to beef up their security. "If you invade someone's property," he said, "obviously, there are going to be consequences."

#### Can’t solve relations – counternarcotics disagreements have already destroyed the relationship

**Barry, 13** – Senior Policy Analyst and Americas Policy Program Fellow, Center for International Policy (Tom, “Changing Perspectives on U.S.-Mexico Relations,” North American Congress on Latin America, May 2, [https://nacla.org/news/2013/5/2/changing-perspectives-us-mexico-relations)//SY](https://nacla.org/news/2013/5/2/changing-perspectives-us-mexico-relations)/SY)

While the shape of the strategy remains unclear, dramatically reducing the pervasive and proactive military presence throughout much of Mexico has been an appropriate first step. The Mexican president has narrowed the window of U.S. involvement in intelligence, counternarcotics operations, and Mexican military affairs—a clear rebuff to the U.S. government. The Obama administration may be justifiably concerned about the ability of the new government to diminish the power and reach of criminal organizations built largely on drug-trafficking, yet President Obama should, in a gesture of solidarity and shared responsibility, acknowledge the systemic flaws in U.S. counternarcotics and anti-organized crime strategies. Pervasive patterns of human rights violations, impunity, and police and judicial corruption/reform should be top among U.S. concerns at the presidential meeting. At the same time, however, President Obama should acknowledge that the United States’ four-decade strategy of attempting to reduce the flow of illicit drugs has not only failed, but also led to a raft of adverse consequences.

#### No Solvency: improving cross-border trade isn’t sufficient – problems related to the drug trade will undermine cooperation

Walser 2013   
Ray Walser, Senior Policy Analyst specializing in Latin America at The Heritage Foundation “Obama in Mexico: Change the Reality, Not the Conversation” 5/1/13 <http://blog.heritage.org/2013/05/01/obama-in-mexico-change-the-reality-not-the-conversation/>

Of course there is much value in an opportunities-oriented approach to U.S.–Mexico relations. The two countries have unique ties based on patterns of trade, investment, integrated manufacturing, and the movement of peoples. Both nations should continue to deepen this relationship by focusing on everything from trade, global competitiveness, and modernizing and securing our shared 2,000-mile border in ways that advance economic freedom and improve educational quality and energy development. Yet addressing hard, seemingly intractable issues related to the illicit traffic in drugs, people, guns, and money moving with relative ease across the U.S.–Mexico border remains a major challenge for both leaders. The Obama Administration has done little to reduce drug demand in the U.S. Consumption of marijuana is on the rise among teens. There is legal confusion in Washington following passage of legalization measures in Colorado and Washington. Resource reductions for drug interdiction and treatment are built into the fiscal crisis. Prior objectives for drug prevention and treatment established by the Obama Administration have not been met, according to the Government Accountability Office. Meanwhile, cash and guns flow south largely unchecked into Mexico. Cooperation with Mexico may be scaled back or waning as U.S. officials are excluded from intelligence fusion centers the U.S. helped to set up. A new emphasis on citizen security may take the law enforcement heat of trafficking kingpins, who will likely attempt to move drugs across Mexico with less violence and greater efficiency as Mexican law enforcement focuses on the most violent criminal elements.

#### **The plan can’t solve US-Mexico relations, American drug war hypocrisy is poisonous and overwhelms economic ties.**

Walser 2013   
Ray Walser, a veteran Foreign Service officer, is a Senior Policy Analyst specializing in Latin America at The Heritage Foundation May 2, 2013 “President Obama, the Drug War, and Mexico: Failure Is an Option” http://blog.heritage.org/2013/05/02/president-obama-the-drug-war-and-mexico-failure-is-an-option/

In the past six years, more than 60,000 Mexicans have died violently in crime and drug-related deaths. In the U.S., there is a wider spectrum of issues related to the harm done by drug usage. They range from state-side violence among traffickers, gangbangers, and dealers to drug-influenced auto fatalities and increasing abuse of prescription drugs. Mortality statistics indicate that drug-related deaths now exceed auto fatalities in the U.S. Prescription drug abuse reportedly claims a life every 19 minutes in the U.S. and has reached epidemic proportions. The White House still retains the power to set the national agenda and frame the political conversation at home and abroad. In his last conversation relating to drug issues in December 2012, President Obama, when asked about the passage of marijuana legalization laws in Colorado and the state of Washington, responded that the federal government had “bigger fish to fry.” These state laws run contrary to federal law and U.S. treaty obligations. Then-president Felipe Calderon of Mexico angrily fired back, questioning U.S. “moral authority.” When interviewed by the American Quarterly about his Mexican trip, the President answered no questions about drug trafficking. In Mexico this week, Obama will talk trade, immigration reform, education, and dance diplomatically around the drug issue. Fresh friction has emerged between the U.S. and Mexico over rules for counter-drug intelligence collection and sharing. Mexico’s current president, Enrique Peña Nieto appears to be concentrating on more centralized control over drug collection and operations on Mexican territory. Concerned about citizen security, Peña Nieto hopes to reduce the harm done to ordinary Mexicans as drugs flow across his nation’s territory to U.S. consumers. At the back of his mind also is a recognition that he is dealing with the same Administration that launched Operation Fast and Furious, which let guns walk across the border, and that argues marijuana legalization in Colorado and Washington is no big deal.

#### Drug violence overshadows strong US-Mexico economic ties.

Roseman 2012   
Ethan Roseman, Research Associate at the Council on Hemispheric Affairs “Enhanced Reciprocity for the U.S.-Mexico Relationship?”

December 17, 2012 http://www.coha.org/enhanced-reciprocity-for-the-u-s-mexico-relationship/

Although the current trade relationship between the United States and Mexico is unparalleled, the drug-induced side south of the border always seems to overshadow such a rapport. Since 2006, Mexico has experienced upwards of 60,000 deaths, including at least 3,000 police officers and soldiers who confiscated over 114 tons of cocaine, 11,000 tons of marijuana, 75 tons of methamphetamines and close to 100,000 large and small-scale firearms. Given the structured control of 90 percent of the cocaine that enters the United States and an estimated annual income of 18 to 39 billion USD, it is the Mexican drug cartels that truly govern these political units and furthermore, utilize extortion, corruption and extreme violence in order to bring about current hostile stereotypes that the rest of the world associates with Mexico.[3]

### Relations Resilient

#### Interdependence means cooperation is inevitable – economic growth slays the case

Epatko, 12 [Larisa, PBS News Hour, U.S. and Mexico: Ties That Bind, <http://www.pbs.org/newshour/rundown/2012/06/us-mexico-ties.html>]

"There's probably no other country in the world that's as intertwined with the United States. Our economies are intertwined; [Mexico is now the second destination for U.S. exports and the third largest trading partner overall](http://www.ustr.gov/countries-regions/americas/mexico)," said [Shannon O'Neil](http://www.cfr.org/experts/brazil-mexico-argentina/shannon-k-oneil/b12553), fellow for Latin American studies at the Council on Foreign Relations.¶ The U.S. automotive, food, and computer and electronics industries depend on Mexican consumers, said O'Neil. "For 21 out of 50 states, Mexico is the No. 1 or No. 2 destination for their exports," she said. "And it's not just the states on the border that have huge trade with Mexico, but as far away as New Hampshire, Vermont, Michigan and Indiana."¶ Mexico also is a friendly source of oil, O'Neil noted. It's the United States' third largest supplier behind Canada and Saudi Arabia, according to the U.S. Energy Information Administration.¶ "So keeping our lights on and our cars going depend today much on Mexico," she said.¶ Since the two countries share a border, they also share the problems and responsibilities of regulating the environment, preventing drug trafficking and maintaining security.¶ Every president of Mexico has had a different take on U.S. relations, but all of the top contenders in the current race have indicated they will work with the United States, said O'Neil.¶ The economy in Mexico is recovering faster than the United States. Helping transform Mexico's economy is a [growing middle class](http://www.wilsoncenter.org/sites/default/files/Mexico%20A%20Middle%20Class%20Society.pdf)**,** she said. View a chart of GDP growth in both countries:¶ Source: [World Bank](http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG)¶ "Thirty-plus years ago, Mexico was a commodity-driven, oil-driven, inward-looking economy," said O'Neil. "Today it is a manufacturing and services-based economy, export-led with a focus on the U.S. market and that is fundamentally different than just a few decades ago."¶ Partly because of Mexico's economic growth, [immigration between the two countries has slowed to a net zero last year](http://www.pewhispanic.org/2012/04/23/net-migration-from-mexico-falls-to-zero-and-perhaps-less/).The slowdown also can be attributed to a demographic shift in Mexico in the last several years, O'Neil said. "There are fewer Mexicans turning 18 and looking for jobs than there were in the past. And more and more Mexicans are staying in school longer and investing in their future and investing in their skills. So they're not leaving the country. They're not thinking about going abroad at 15 or 16 anymore, they're staying in school."¶ Mexico is becoming an increasingly urban society as well, said O'Neil. "So the old days of a campesino (peasant) wearing a sombrero riding a burro -- it's a reality for a few Mexicans now, but very few. It's a more urban society. And that's a total transformation from back in the '50s or '60s."¶ Helping drive the current conditions is a transformed government. "There are still problems with corruption, accountability and transparency -- in particular at the state level," she said. "But it also is a democracy. They're about to have elections that almost everywhere in the world people think are going to be free and fair. And that's something new."

#### Relations are strong and resilient – their evidence is just media sensationalism

O’Neil, 9 – (Shannon K.“U.S.-Mexico relationship remains strong,” Marketplace, April 16, 2009, [http://www.marketplace.org/topics/world/us-mexico-relationship-remains-strong)//SMS](http://www.marketplace.org/topics/world/us-mexico-relationship-remains-strong)/SMS)

Kai Ryssdal: President Obama is meeting with his Mexican counterpart today in Mexico City. He and President Felipe Calderon will talk national security, the drug trade and the global economic crisis all in just a few short hours. Then they will both head out to Trinidad and Tobago for a Summit of the Americas conference later this week. The U.S.-Mexico relationship is long and it's complicated. Shannon O'Neil is the Douglas Dillon Fellow for Latin America Studies at the Council on Foreign Relations. Shannon, good to have you with us. Shannon O'Neil: Nice to be here. Ryssdal: Give us a sense, would you, of the state of the economic relationship between the United States and Mexico. O'Neil: The economic relationship with the U.S. and Mexico is really quite strong. Since NAFTA came into effect 15 years ago, trade between the two nations has tripled. And it's the most important trading relationship in many ways for both countries -- or particularly for states in the United States. So it's the third-largest trading partner for the United States and it's the second-largest destination of U.S. exports. So it's quite important. Ryssdal: And yet all we've been hearing in the lead up to this trip by the president is: drug violence, the prospect of Mexico as a failed state, how NAFTA really hasn't worked out for Mexico. How do you explain that difference? O'Neil: You know, U.S.-Mexico relations goes through its patterns. And as happens in many relationships, you focus on the complaints rather than the positives, at least in the discussion. So that's really what's happening here. We're focused on the violence -- which is really, and has increased in the last several months -- but in many ways, the real substance of the relationship and the positives fall by the wayside in those sound bytes.

#### No Impact – the US-Mexico partnership is too big to fail – areas of cooperation will always overwhelm differences

Rozental 2013   
Andrés Rozental, former deputy foreign minister of Mexico, works primarily on global governance issues, U.S.-Mexico relations and international migration. He served for many years in Mexico’s diplomatic corps. February 1, 2013 “Have Prospects for U.S.-Mexican Relations Improved?” Brookings Institute http://www.brookings.edu/research/opinions/2013/02/01-us-mexico-rozental

The Mexico-U.S. relationship won't substantially change; there are too many ongoing issues to expect any major shift in what has become a very close and cooperative bilateral partnership in economic, security and social aspects. There will be a change of emphasis from the Mexican side as far as the security relationship goes, with Peña Nieto's declared intention to focus much more on the economy and public safety. He has already moved away from the constant statements made by his predecessor extolling the number of criminals apprehended and 'successes' in the fight against organized crime. The change of message comes as a relief to many Mexicans tired of hearing about violence and crime on a daily basis.

#### Relations collapse is impossible – Mexico and the US are too interdependent, they have no choice but to get along

Hakim 2013  
Peter Hakim is president emeritus and senior fellow of the Inter-American Dialogue, a Washington-based policy organization tank on Western Hemisphere affairs. “Which Mexico for Obama?” 5/1/13 http://blogs.reuters.com/great-debate/2013/05/01/which-mexico-for-obama/

Crime and violence are likely to remain unrelenting challenges for Peña Nieto. They could even take central stage again. In fact, public security may not improve anytime soon — despite the new government’s multiple initiatives.¶ Peña Nieto’s predecessor, Felipe Calderón, learned how arduous a task it is to reform Mexico’s police and its justice system, and restore public confidence in them. Now, Peña Nieto is making clear his deep dissatisfaction with — and his intention to overhaul — Calderón U.S.-supported approach to security and drug issues. The expected changes will almost surely irritate many in Washington and may even become a new source of friction in the bilateral relationship.¶ But neither the United States nor Mexico is perfect. The two nations cannot look at each other only as sources of opportunity and gain; cooperation is needed to address risks and problems. Neither country has much of an option, however, because their economies and populations are so deeply integrated. There is no turning the clock back.¶ Mexico and the United State have to solve their problems together and find ways to generate and exploit new opportunities jointly. If they can do it, the payoff will be enormous.

#### US-Mexico relations are much more than trade and investment – these social connections ensure that economic ties will continue regardless of the plan.

Hakim & Litan 2002  
 Peter Hakim is president emeritus and senior fellow of the Inter-American Dialogue, a Washington-based policy organization tank on Western Hemisphere affairs. “; Robert E. Litan Senior Fellow in Economic Studies at the Brookings Institution. J.D. Yale, M. Phil. and Ph.D. in Economics Yale. Dr. Litan has served in several capacities in the federal government: As Associate Director of the Office of Management and Budget, Deputy Assistant Attorney General, Antitrust Division, Department of Justice; and Staff Economist, Council of Economic Advisers. Future of North American Integration. “Introduction” Brookings Institution Press, 2002. p 20.

Economic integration among the three countries already goes considerably beyond trade and investment. Mexicans continue to migrate in large numbers to the United States, principally in search of jobs and higher wages. Upwards of 21 million persons of Mexican origin now reside in the United States. Approximately 9 million of these were born in Mexico. They contribute in countless ways to the U.S. economy and society. Mexicans and Mexican Americans now send some $8 billion annually back to their communities. Although the numbers are still modest, a growing number of Mexicans are also finding their way to Canada. And tourism is expanding in all three countries, or at least it was before the September 11, 2001, terrorist attacks on the United States. The three countries are tied together in many noneconomic ways as well. Mexicans are changing language pat- terns, social norms, and culture throughout the United States. As Mexican migrants become residents and citizens, they are increasingly influencing local and national politics. The voting strength and preferences of Mexican Americans are shaping U.S. policy toward Mexico. At the same time, U.S. cultural phenomena are increasingly pervasive in both Mexico and Canada— through films, TV, music, tourists, and student and professional exchanges. Nongovernmental organizations of many types function easily across the borders of all three countries. The Future of North American Integration Unless the three governments decide to halt further integration, recent trends strongly suggest that the societies and economies of the United States, Canada, and Mexico are likely to draw closer together. In particular, cross-border trade, investment, and migration should all continue to increase.

### Alt Cause – Laundry List

#### Divides over gun control, immigration, drug policies, and crime cause splits between Mexico and the US--alt cause to relations collapse

**Hakim 13,** President emeritus and senior fellow of the Inter-American Dialogue He writes articles about foreign policy issues, many of which have appeared in Foreign Affairs, Foreign Policy, NYT, the Washington Post, Miami Herald, LA Times, etc. Former professor at MIT and Columbia. Member of the Council on Foreign Relations(Peter, "Which Mexico for Obama?" 5/1/13, Reuters, http://blogs.reuters.com/great-debate/2013/05/01/which-mexico-for-obama/)//AD

When President Barack Obama meets this week with President Enrique Peña Nieto in **Mexico**, he will be visiting a country that was much maligned throughout his first term. Washington has viewed Mexico largely as a source of problems for the United States in the past six years. Many Mexicans, in a mirror image, consider the United States the origin of their troubles. They blame Mexico’s epidemic of violent crime on an insatiable appetite for drugs and loose control over gun and ammunition sales in the United States. In addition, the U.S. financial crisis left the Mexican economy reeling in 2009. But in the past year, particularly since Peña Nieto’s election in July 2012, Mexico’s standing in the United States and internationally has increased dramatically — along with its national self-esteem. Though **organized crime and violence remain key concerns for Mexico,** stories of economic and social reform are now among the headlines. A November Economist article about Mexico was titled “From Darkness, Dawn.” And that message has become a standard media refrain. Some in Washington talked about Mexico as a likely failed state, but that has been decisively debunked. Mexico is now viewed as on the rise, though its homicide rate has fallen only slightly and no one is sure that improvements can be sustained. In fact, there are many Mexicos for Obama to deal with — the successful and prospering; the backward, corrupt and stagnant; and everything in between. This mix is not unusual. It is characteristic of most nations, even the United States. Obama needs to bring an optimistic perspective with him to Mexico, reflecting the growing confidence that Mexicans have in their country — and the image they project internationally. In this, Obama has little choice. No country is likely to affect the future of the United States more than Mexico, just as none will affect Mexico’s future more than the United States. No two nations have more to gain from energetically pursuing closer cooperation. Mexico’s reinvigorated economy has proven more resilient and vibrant than anyone expected. It shrank by more than 6 percent in 2009, one year after the Wall Street financial collapse, but economic expansion since has been faster than at any time in the past two decades. Mexico’s growth, while modest by Asian standards, has in the past three years been more robust than that of Brazil, one of the region’s strongest economies. It is also competing successfully with China in U.S. markets. Mexico will displace Canada as the largest U.S. trade partner within roughly six years, according to some economic projections. Close U.S.-Mexico economic ties, once seen as the culprit in our southern neighbor’s sluggish growth and sharp downturn, are now, as the U.S. continues to recover, a prime explanation for Mexico’s rising economic fortunes. The future may be even brighter. Peña Nieto has launched an ambitious reform agenda to overcome the many obstacles to stable, rapid economic growth. He is demonstrating the political talent needed to get his policies approved and put into practice. The Mexican president, for example, managed to negotiate the Pacto por Mexico, an accord among the country’s three major parties that bridged many of their long-held ideological differences and secured their agreement on a broad package of economic changes. Despite suffering some tangles and setbacks in recent weeks, the Pacto continues to provide a path forward to far-reaching reform. Peña Nieto plans to revamp Mexico’s oil industry and open it to foreign investment could reverse the decline in oil production and assure that the country remains a leading exporter. Proposed changes would also pave the way for the systematic exploitation of Mexico’s huge, untapped deposits of shale gas and oil. Other reforms are designed to augment government revenue and improve fiscal management. Peña Nieto wants to increase competition in telecommunications and other critical sectors, and upgrade the country’s mediocre schools and universities to raise productivity and create paths for social mobility. This explosion of reform initiatives has helped change opinion in the United States about Mexico. Less than a year ago, Mexico was widely viewed as an increasingly dangerous neighbor. Today, it is talked about as a promising economic partner. The partnership will be far stronger if — as now appears likely — Congress passes sensible and humane immigration reforms. The Mexican government seems most encouraged by the prospect of U.S. legislation that would include an expanded temporary worker program and would provide immediate legal status and a path to citizenship for most currently undocumented immigrants ‑ about half of whom are Mexican nationals. These changes could substantially eliminate a persistent tension in U.S.-Mexican relations. Mexicans have long been angered and insulted by U.S. debates on immigration, including insistent demands that the border be walled up; the spread of anti-immigration (and often anti-Latino) legislation in many states and communities, and absurd and offensive proposals like GOP presidential nominee Mitt Romney’s call for migrants to “self-deport.” Equally important, immigration reform will offer an array of economic benefits to both nations. Despite the Peña Nieto administration’s impressive start, however, there is reason for caution in thinking about the future of the country and its relationship with the United States. Mexico clearly looks better than ever, but it was never as seriously endangered as it was reported to be. It was never close to being a failed state. It is true that its homicide rate and violence rose rapidly in the past five years — and the associated brutality was unparalleled. But Mexico’s murders per capita are still far from the highest in Latin America. They regularly trail those of Brazil, Colombia, Venezuela, most of Central America and the Caribbean. On the economic side, yes, Mexico has only recently emerged from some 15 years of listless growth. During that period, however, the economy and banking system were well managed. Mexico maintained ample reserves and a low ratio of debt to gross domestic product. Inflation was kept firmly under control. For more than two decades now, Mexico has been building a modern economy with vibrant manufacturing and export sectors well integrated into U.S. supply chains. The Mexican economy was never as troubled as it was portrayed — and now the opportunities for improvement are greater than ever. Still, Mexico is not the sure bet that many believe it to be. It has to demonstrate that it can make its economy grow faster. The past 30 years offer little evidence that Mexico has the potential for sustained, rapid expansion, or for carrying out the reforms that such growth will require. The Mexican economy has long suffered fundamental shortcomings that restrain its productivity, job creation and capacity to compete. The obstacles to change remain formidable. Peña Nieto’s reform initiatives are just getting started. The legislature has already given its initial approval for changes in education, labor laws, telecommunication policy and some other sectors. But in many cases, original proposals have been watered down, additional legislation will also be required in almost every area and effective implementation is still to come. Success will depend heavily on Peña Nieto’s political skills — as well as the technical mastery of his advisers and managers. It will also hinge on whether the fragile inter-party consensus backing the Pacto por Mexico can be sustained and popular support mobilized for change. Crime and violence are likely to remain unrelenting challenges for Peña Nieto. They could even take central stage again. In fact, public security may not improve anytime soon — despite the new government’s multiple initiatives. Peña Nieto’s predecessor, Felipe Calderón, learned how arduous a task it is to reform Mexico’s police and its justice system, and restore public confidence in them. Now, Peña Nieto is making clear his deep dissatisfaction with — and his intention to overhaul — Calderón U.S.-supported approach to security and drug issues. The expected changes will almost surely irritate many in Washington and may even become a new source of friction in the bilateral relationship. But neither the United States nor Mexico is perfect. The two nations cannot look at each other only as sources of opportunity and gain; cooperation is needed to address risks and problems. Neither country has much of an option, however, because their economies and populations are so deeply integrated. There is no turning the clock back. Mexico and the United State have to solve their problems together and find ways to generate and exploit new opportunities jointly. If they can do it, the payoff will be enormous.

### No Mexican State Collapse

#### No Impact – the risk of state collapse is low – the Mexican economy is well managed, the democratic system functions well, and no counter-state alternatives exist

Valdez 2009  
Diana Washington Valdez Experts say government stable despite mounting border violence / El Paso Times 2/9/2009 http://www.elpasotimes.com/news/ci\_11606866

Before Hayden's recent retirement from the CIA, he said Mexico could rank alongside Iran as a security challenge for President Barack Obama, maybe even a greater problem than Iraq, while the Joint Forces Command's "JOE 2008" said Mexico and Pakistan's governments were in danger of collapse. Professor Josiah Heyman, a Mexico expert at the University of Texas at El Paso, said it's unlikely Mexico's governability has reached such a crisis stage. "Part of the alarm was sparked by the fact the drug violence is taking place right next door to our border, in Juárez," Heyman said. "There are things in Mexico that are very negative, but others that are very positive, too. For example, it is managing its economy very well, it has stabilized the price of oil, and it's a real functioning democracy. "But, it has not spread the wealth, and many decades have passed while the purchasing power of the Mexican people has fallen below what it was in 1982." Heyman said a counter or alternative state must exist before a current state can collapse. While certain factors can lead to a government's collapse, Mexico still lacks a strong counter-state to fulfill all the conditions for a political meltdown.

#### No risk of government collapse or spillover

Valdez 2009  
Diana Washington Valdez Experts say government stable despite mounting border violence / El Paso Times 2/9/2009 http://www.elpasotimes.com/news/ci\_11606866

Karen Hooper, Latin American analyst for STRATFOR, a global intelligence service in Austin, said unless Mexico experiences a catastrophic event, such as the assassination of the president or a destabilizing terrorist attack, "it is unlikely for the government to collapse or for the U.S. military to play an active role in Mexico beyond one of cooperation, such as through the Merida Initiative."

"Yes, the violence has increased, but so far, it's been mostly cartel-on-cartel violence. The cartels have no interest in doing something that could lead to a U.S. military (response). If everything stays the same, the most that can happen is for the status quo to remain."

# Solvency

### Say No

#### No Solvency – Mexico says no - the new Nieto administration in Mexico is less likely to cooperate with the US on security measures

O’Neil 4/29/13  
Shannon O'Neil is Senior Fellow for Latin America Studies at the Council on Foreign Relations (CFR), an independent, nonpartisan membership organization, think tank, and publisher. She holds a BA from Yale University, an MA in International Relations from Yale University, and a PhD in Government from Harvard University. “Obama Heads to Mexico” Latin America’s Moment http://blogs.cfr.org/oneil/2013/04/29/obama-heads-to-mexico/

Yet no less important for the two neighbors is security. Under Felipe Calderón’s administration, more than 70,000 Mexicans were killed and many more disappeared in violence related to drugs and organized crime. Regular crime, too, has risen, with 40 percent of Mexicans in a recent survey reporting that they or a family member had been a victim of a crime in the past year. This growing crisis opened the door to greater bilateral efforts. After years of cautious circling, U.S.-Mexico security cooperation — through the Mérida Initiative and other efforts — blossomed, setting the two neighbors on a different and more collaborative path. On this policy front, the direction Peña Nieto’s government plans to take is less clear. While repeatedly promising to reduce violence, the details of his administration’s security plan remain vague — suggesting more spending on prevention and social programs. Even the concrete shifts announced — for instance, creating a new federal gendarmerie — have been clouded by contradictory explanations and timelines. The efforts to recentralize the security apparatus by bringing the autonomous Federal Police back under the control of the Ministry of Interior still await the definition of basic reporting lines and the stamp of a finally confirmed executive secretary of the national public security system charged with coordinating security efforts (an area where the previous government struggled). Finally, the leaders of this side of Peña Nieto’s government — Osorio Chong, ex-governor of Hidalgo; Manuel Mondragón y Kalb, the deputy secretary of public safety and previously Mexico City’s top cop; and Jesús Murillo Karam, Mexico’s attorney general and also an ex-governor of Hidalgo — are less familiar to the United States, and some worry less open to working with their neighbor than their predecessors. To be fair, security is harder. After more than a decade of underperformance, most Mexicans agree on what needs to be done economically. In contrast, there is no ready security blueprint for the way forward, for what will work to make Mexico — and by extension the United States — safer. And the issues on which there is some consensus — cleaning up Mexico’s police forces and courts and expanding programs to help youths and communities at risk — were started under the Calderón administration, making it a tricky sell for a government trying to differentiate itself. For Obama, the challenge this week will be to push forward on both fronts, recognizing and embracing the economic ambitions while also ensuring that security cooperation doesn’t falter. What really matters is what happens after the visit and how the U.S. government works with all of these elements and directions in Peña Nieto’s Cabinet. Because the outcome matters — as no other country affects the United States on a day-to-day basis as much as Mexico.

#### Plan fails and will be rejected – internal reform is a pre-requisite to investment

Hufbauer & Scott ‘5

Reginald Jones Senior Fellow since ’92, was the Marcus

Wallenberg Professor of Int’l Finance Diplomacy @ Georgetown University, AND Jeffrey J, senior fellow, joined the Inst for Int’l Economic in ’83, visiting lecturer @ Princeton, “NAFTA Revisited: Achievements and Challenges”, page number below

To generate significant sums required for such investments, Mexico will need to attract both domestic and foreign funds. First, however, the Mexican government must pursue domestic economic reforms that generate substantial new revenues for the Mexican Treasury and create a more conducive policy environment for new investment. Only then should consideration be given to regional initiatives that pool contributions from the United States and Canada for Mexican infrastructure projects. Without prior domestic reforms, proposals to leverage foreign assistance to Mexico – including a North American Investment Fund – would likely be rejected out of hand. Indeed, it would be counterproductive to ask Washington and Ottawa to subsidize Mexican infrastructure investment unless the Mexican government is first willing to tap its own resources. [page 472-473]

#### No Mexican cooperation

David Hendricks (writer for the San Antonio Express-News) February 7, 2006 “ NADBank's future called into question” Lexis

The U.S. and Mexican treasury departments are discussing the future of the San Antonio-based North American Development Bank, and a Mexican newspaper has reported that Mexico wants to shut it down.¶ A U.S. Treasury spokeswoman declined to discuss the possibility of the bank's closure Monday.¶ "I can say we are in discussions to assess the role of the bank and its appropriate future," said Brookly McGoughlin in the U.S. Treasury's public affairs division.¶ "That is all I can say at this point," she said.¶ NADBank officials in San Antonio said they recently became aware of the talks but could not comment.¶ Reforma, a Mexico City daily newspaper, has reported that Mexican Finance Minister Francisco Gil Díaz "is looking to liquidate Mexico's participation" in NADBank by moving its loan capital from the bank to the Mexican government's infrastructure bank Banobras.¶ Since 1995, NADBank has supplied $704 million in loans and grants to fund 90 projects along the U.S.-Mexico border -- areas that couldn't pay for utilities themselves.¶ Typical projects have included a sewage-treatment system in Ciudad Juárez and a water plant in the Southern California city of Brawley.¶ The bank employs 52 people in San Antonio. The United States and Mexico each have $150 million of paid loan capital in the development bank.¶ San Antonio business leaders began fighting to win the development bank in November 1993, the week Congress approved the North American Free Trade Agreement.¶ The bank became active in early 1995.¶ U.S. Rep. Charles Gonzalez, D-San Antonio, whose district includes NADBank's downtown San Antonio headquarters, said the U.S. Treasury has been uncomfortable with the development bank since its inception.¶ "This is nothing new," Gonzalez said of discussions to diminish or dismantle NADBank.¶ He was alluding to an effort by the U.S. Treasury in 2001-02 to merge NADBank and its sister institution, the Border Environment Cooperation Commission, based in Ciudad Juárez, Mexico.¶ The proposal then was to move NADBank from San Antonio and base the merged institutions in El Paso. The environment commission reviews and certifies projects for NADBank loans and grants.¶ But during a summit in Monterrey, Mexico, in March 2002, President Bush and Mexico President Vicente Fox reaffirmed their support for NADBank.¶ They agreed to broaden into such categories as energy and to expand the geographic areas in which the bank could lend and approve grants.¶ The reform effort led to a merging of the boards of directors of the two institutions.¶ The new board consists of 10 members, five from each country, but it has not met for more than two years. Four members, two from each country, were appointed last week.¶ Gonzalez said he does not know whether Mexico or the United States is pushing the bank shutdown, but he will fight it.¶ "I have a sense we'll rally the Bexar County delegation and the Texas senators, because this is bigger than Bexar County, and take this to the appropriate (congressional) committees in securing the integrity of the NADBank," Gonzalez said.¶ "It will be a long road before anything happens," he said.¶ Gonzalez expressed disappointment that talks between the U.S. Treasury and Hacienda (Mexico's Treasury) have occurred without Congress being apprised.¶ "Whoever is promoting this goal without notifying Congress is doing a very dangerous thing," Gonzalez said.¶ "We streamlined the NADBank to make it more effective and efficient. To have this happening now is outrageous."¶ NADBank's $704 million in loans and grants has made possible projects worth $2.35 billion.¶ An additional $46.8 million in loans is pending before the bank's directors, and loans worth $37.4 million are in the approval process.¶ NADBank also operates a Utility Management Institute that trains municipal officials from border cities in the design, construction and operation of utilities. To date, 870 such officials have received NADBank training.¶ The Reforma article cites "little cooperation" between the U.S. and Mexican governments over the years in helping NADBank succeed.

### Canada Key

#### No chance the plan solves – only trilateral cooperation with Canada can ensure successful integration

Pastor 12 – prof and director of the Center for North American Studies @ American

Robert A, Beyond the Continental Divide, July/August, <http://www.the-american-interest.com/article.cfm?piece=1269>, CMR

The problem is that our leaders do not think continentally. As long as they persist in focusing on bilateral or Asian relationships, they will be blind to the promise and the problems of North America. At base, today’s problems are the result of the three governments’ failure to govern the North American space for mutual benefit. Once they visualize “North America” and decide to approach their problems from a continental perspective, solutions will appear that were previously invisible. ¶ None of the many proposals that have been advanced for the region can be achieved without such a vision. Americans and Canadians will not contribute to a North American Investment Fund to narrow the development gap with Mexico without being convinced that Mexico’s growth will benefit their countries. There is little prospect of reaching an agreement on labor mobility, harmonizing environmental standards, forging a transportation plan, or most any proposal that would cost money or change the status quo unless there is a vision of a wider community that could attract the support of the people and their legislatures. The right vision can inspire the three nations to rethink North America and incorporate the idea into our consciousness and policies. We can be more than the sum of our three great countries, but only if we first see the possibility.

### No Solvency – Say No

### Can’t solve Congestion

#### Can’t solve delays - other sources

**Accenture, 08** global management consulting, technology services and outsourcing company, report commissioned by the DOC (March, commissioned by the Department of Commerce's International Trade Administration, “IMPROVING ECONOMIC OUTCOMES BY REDUCING BORDER DELAYS FACILITATING THE VITAL FLOW OF COMMERCIAL TRAFFIC ACROSS THE U.S.-MEXICO BORDER”, <http://shapleigh.org/system/reporting_document/file/487/DRAFT_Reducing_Border_Delays_Findings_and_Options_vFinal_03252008.pdf> )

The complex international trade process reaches its climax at our nation’s POEs, requiring the highly coordinated effort of a diverse set of public and private sector stakeholders. Therefore, it is important to view delays in that context and use a measure of total wait time that captures the border crossing system as a whole. Total wait time is defined as the time elapsed from entering the line in Mexico leading to Mexican export inspection through exit from U.S. inspection facilities, including any U.S. state-conducted inspections. Importantly, **this definition of border crossing wait time captures the fact that processing time at U.S. primary is not the driver of wait time; instead, delays are due several factors, including many outside U.S. federal control.** This represents an expansion of traditional wait time metrics and raises the focus from a processing time level to a more comprehensive system view. The importing community has long sought a well-constructed wait time metric. This construction, or one similar, is proposed as the national standard to account for system-wide border crossing wait time.

### No solve Cooperation

#### No mechanism for effective cooperation

Danelo, 11 [T OWARD A U.S. - M EXICO S ECURITY S TRATEGY : T HE G EOPOLITICS OF N ORTHERN M EXICO AND THE I MPLICATIONS FOR U.S. P OLICY By David J. Danelo, <https://www.fpri.org/docs/Toward_a_US_Mexico_Security_Strategy_Danelo.pdf>]

The problems along the Rio Grande were confirmed in October 2010, just two weeks after Mexico’s bicentennial celebration. David and Tiffany Hartley, a married couple who had moved to the border from Colorado three years earlier for a job in the oil industry, 1 The worst massacre of migrants chronicled by international media happened in August 2010 in Tamaulipas, where the bodies of 72 migrant workers were discovered. Members of Los Zetas reportedly were held responsible. 2 Statistics reported in northeastern Mexico, September 2010. 5 Foreign Policy Research Institute ventured illegally on jet skis into the Mexican waters of the Rio Grande. As the Hartleys searched for an abandoned Catholic church they had previously tou red for recreation, Mexican bandits allegedly ambushed them in speedboats. The husband, David, was missing after the encounter and, according to Tif fany, was wounded and killed. The incident illustrated the lack of an effective cooperative security strategy between Mexico and the United States. Although both nations have pushed forward diplomatic platitudes, the current absence of security along the U.S.-Mexico frontier is both unacceptable and unsustainable. Indeed, the furious reactions to the Hartley incident appear similar to Arizonans ’ responses in April 2010 to the death of rancher Robert Krentz, whose murder preceded the state legislature’s passage of SB 1070, Arizona’s controver sial illegal immigration law. Despite the well - publicized capture o f Mexican cartel kingpins, there are no signs that the anarchy south of the border will soon abate. Mexico’s inability to control the cartels has exposed fundamental weaknesses in the Mexican state, particularly in the north. Regional kingpins continue to seek authority over local governments and businesses in addition to control over smuggling routes. These developments are a natural consequence of many forces — including NAFTA, migration, economic inequality, law enforcement corruption, and political repression — that have plagued Mexico for decades. The outcome of this twenty - first century irregular war, which may become even more violent during the course of this decade, will have far reaching consequences for the United States. Barring an unlikely increase in Mexico’s nationwide security capacity, the anarchy will continue unchecked. This situation has the potential to threaten both the legitimacy of the state and the fabric of Mexican society.

#### Turn - coordination of point of entry infrastructure between the US and Mexico fails and makes congestion worse.

Regan 2011   
Sean Regan Commander, U.S. Coast Guard NAVAL WAR COLLEGE U.S. – MEXICO POLICY COORDINATION AN ASSESSMENT OF THE TWENTY-FIRST CENTURY BORDER POLICY COORDINATION EFFORT A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations. 2011 http://www.dtic.mil/dtic/tr/fulltext/u2/a555536.pdf

The Policy Coordination Challenge Bureaucracies on both sides of the border struggle to coordinate policies across and within various levels of government including federal, state, and local structures. However, the complexity and interdependence of bi-national issues means there is rarely a clear, single lead department or agency on any given issue on either side of the border. Complicating coordination efforts are the various and often duplicative authorities held by many U.S. and GoM institutions. In addition, the various bi-national interactions at the federal, state, and local levels are often not apparent to the other levels of government. The different government stakeholders often address issues directly and indirectly through bi-lateral institutions, commissions, and agreements.7 The failure to coordinate efforts results in disjointed border policies and activities leading to increased levels of congestion, delay, higher border-crossing costs, and insufficient infrastructure planning. One example of a disjointed effort can be found at coordination related to the establishment and management of land ports of entry (POEs).8 The United States and Mexico have over seven federal departments within each national-level structure with POE-related responsibilities.9

#### The affirmative conflates border security and transportation efficiency which kills implementation.

Regan 2011   
Sean Regan Commander, U.S. Coast Guard NAVAL WAR COLLEGE U.S. – MEXICO POLICY COORDINATION AN ASSESSMENT OF THE TWENTY-FIRST CENTURY BORDER POLICY COORDINATION EFFORT A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations. 2011 http://www.dtic.mil/dtic/tr/fulltext/u2/a555536.pdf

Prior to attempting bi-national coordination, obtaining consensus on priority efforts at the federal inter-agency level must occur. The United States’ inter-agency policy and coordination processes focus on the development of whole-of-government approaches to issues. However, security-focused agencies, customs-focused agencies, and transportation focused agencies each have different mandates and nomenclature. This can lead to confusion on which priority topic the federal agencies should be focused on: security, infrastructure, or throughput. Confused, disjointed, and unclear priorities interfere with efforts to get Congressional funding that promotes focused cross-border progress.

#### And, working cooperatively with Mexico fails – their government’s bureaucracy fails.

Regan 2011   
Sean Regan Commander, U.S. Coast Guard NAVAL WAR COLLEGE U.S. – MEXICO POLICY COORDINATION AN ASSESSMENT OF THE TWENTY-FIRST CENTURY BORDER POLICY COORDINATION EFFORT A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations. 2011 http://www.dtic.mil/dtic/tr/fulltext/u2/a555536.pdf

The structure of the GoM’s departments and agencies is similarly complex with border and national security responsibilities split between the president and eight cabinet departments. Efforts are often duplicated across agencies because roles, responsibilities, and authority are not clearly defined.11 Ambiguous, shifting, and overlapping responsibilities have also led to uncoordinated efforts (and often animosity) between Mexican federal agencies. While overlapping roles in the GoM federal structure may provide some checks and balances across agencies, more often it leads to confusion in both the United States and GoM with regard to authority, roles, responsibilities, and which department should coordinate with what department.

\*GoM = Government of Mexico

## Extensions/Additional Answers

### Emissions Turn

#### Increased land traffic at the border massively increases greenhouse gas emissions -

Blank & Lee 2009  
 Transportation infrastructure and competitiveness (revision July 1, 2009) Report prepared for the Woodrow Wilson Center Mexico Institute and El Colegio de la Frontera Norte research project, “The U.S.-Mexico Border: A Discussion on Sub-National Policy Options” By Stephen Blank and Erik Lee

Impact on the environment: GHG emissions¶ Environmental concerns along the US-Mexico border since the signing of NAFTA focused mainly on water pollution, industrial waste, chemical degradation and so on. But the critical issue now is climate change. The border – border crossings and trade corridors in particular – is a major source of green house gas (GHG) emissions. Increasing pressure to mitigate GHG emissions at border crossings and trade corridors will be a major shaping factor on border policy and could become a significant force in “thinning” the border.¶ Trucks accounted for much the largest share of the greatly expanded flow of goods moving across North America’s internal borders in the 1980s and ‘90s. Rail traffic increased substantially as well, but the modal balance between rail and truck – 30% by rail and 70% by truck – did not change. The number of commercial trucks on US highways (most powered by diesel engines) increased by nearly 40% between 1980 and 2002.4 (This is US data. The Mexican modal balance in freight transport tips even more toward trucks.)¶ The growth in truck transport has led to a less environmentally-friendly environment.5 Road transport is a heavy user of energy and a heavy generator of emissions of nitrogen oxide (NOx) and particulate matters (PM), increasing environmental pressures already associated with combustion. Most forms of transport have a large carbon footprint as well.6¶ Because NAFTA truck traffic has been concentrated at border regions and along trade corridors, increasing pressure has been put on infrastructure capacity particularly at border crossings and on the environment. This has transformed some communities into “high impact locales—places where environmental pressures (have) concentrated to overwhelm the available supports”7

### Infrastructure No Solve

#### Infrastructure improvements aren’t sufficient – new staffing is needed

Gonzalez 2012   
Testimony of Jose D. Gonzalez Chairman of the Board Laredo Licensed U.S. Customs Broker Association May 1, 2012 Use of Technology to Facilitate Trade and Enhance Security at our Ports of Entry Before the 112th Congress Committee on Homeland Security Subcommittee on Border and Maritime Security U.S. House of Representatives <http://homeland.house.gov/sites/homeland.house.gov/files/Testimony-Gonzalez.pdf>

CBP Officers at the Port of Laredo do an incredible job of keeping our country safe. I had an opportunity ¶ to go behind the scenes and get an introduction into the training and technology that CBP Officers' utilize ¶ to do their job effectively and efficiently when I participated in the inaugural eight week CBP Field ¶ Operations Citizens Academy last year and I was thoroughly impressed at how much CBP Officers do ¶ and how quickly they do it. Searching for alternatives to reduce delays while increasing security at the ¶ Port of Laredo for commercial traffic is not an easy task. Regardless of how well CBP Officers are doing¶ given their resources, I believe that there is always an opportunity to improve - especially with additional ¶ funding for technology and personnel.¶ ADDITIONAL INFRASTRUCTURE REQUIRES ADDITIONAL PERSONNEL¶ In May 2011, seven new primary inspection booths for commercial traffic were opened, nearly doubling ¶ the capacity at the World Trade Bridge. With a total of 15 primary inspection booths and improvements to ¶ the secondary express and exit gate areas, the World Trade Bridge has the infrastructure to handle a ¶ record number of shipments. The improvements to the infrastructure can only be fully utilized with ¶ additional CBP Officers. Additional personnel are needed now because northbound traffic currently peaks ¶ between about 9 am to nearly 4pm every day during the week.

### Regulatory Probs

#### Different regulatory regimes impede trade – differences in cargo liability and truck weight limits make efficient trans-border shipping difficult

Harrington 2013   
“U.S.—Mexico Trade: Two-Way Traffic” January Inbound Logistics Lisa H. Harrington Supply chain management consultant, professor, research center associate director, University of Maryland, Robert H. Smith School of Business http://www.inboundlogistics.com/cms/article/us-mexico-trade-two-way-traffic/

A second border-related issue affecting U.S.-Mexico supply chains is the disparity in the legal and regulatory regimes of the two countries. One example is cargo liability.¶ In handling border crossings, Mexican customs brokers are liable for comparing the physical freight to the documentation to make sure they match, and for deciding classification and duty rates for goods crossing the border. If any issues or discrepancies arise, the Mexican broker can face penalties or lose its license.¶ "Mexican brokers often stop the freight, unload the trailer, and inspect the goods," Ryley says. "That takes time. Less-than-truckload (LTL) shipments from all over the United States get trapped by customs brokers on the border, waiting to be consolidated into truckload shipments." This unloading and re-loading, with interim warehousing, make exporting to Mexico more complex.¶ Another regulatory impediment that adds cost to cross-border trade is truck weight limits. "Truck weight limits are not harmonized among the three NAFTA countries," explains Sonney Jones, director of transportation at Dal-Tile, a Dallas-based subsidiary of Mohawk Industries that manufactures ceramic tile products in several countries. "Canada and Mexico allow 25 metric tons; the U.S. limit is approximately 20 metric tons. This impacts the cost of moving goods in Mexico and Canada, because loads have to comply with the U.S. limit to cross the border. It costs Dal-Tile an additional $1 million in transportation to send shipments the 145 miles between Monterrey and Laredo at the U.S. weight instead of the Mexican weight."¶ If the three NAFTA countries all allowed 25-metric-ton capacity, freight could move seamlessly, and the cost and capacity benefits would be significant.¶ Changing U.S. truck weight limits is a daunting challenge, however. The trucking industry has lobbied Washington for heavier trucks for years, but the rail industry opposes the change, fearing freight diversion.